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FOOD MAGAZINES • MOVIE TIE-INS • HISPANIC TV

MARKETING & MEDIA DECISIONS

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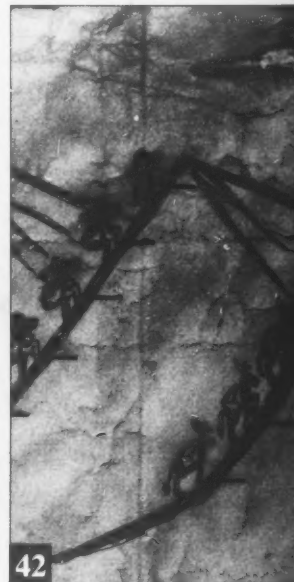
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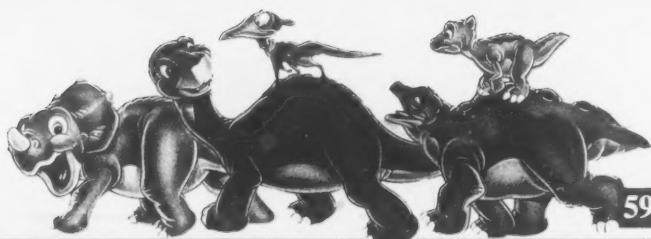
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THE SEARCH FOR EL DORADO

Hispanic television is getting closer to its treasured goal of an increased share of national marketing dollars.

by Joe Mandese

Saul Steinberg, the financial wizard and prototypical corporate raider, took the podium at a recent luncheon for agency media executives high atop Rockefeller Center. As chairman, CEO, of the Reliance Capital Corp., the portly Steinberg is used to putting the touch on high-powered investors. But this pitch was different: It was to media planners on behalf of Reliance's fledgling Spanish-language tv network, Telemundo.

As the planners finished their lunch, Steinberg told them that during the preceding cocktail hour, he spotted senior vice president of programing and promotion Carlos Barba "talking to the devil." The devil had offered Barba an 8% share of the U.S. ad market — the percentage Hispanics represent of the U.S. population. In exchange, the devil wanted Barba's soul, as well as those of his wife and children. "Carlos looked at him," recounted Steinberg, "and said, 'What's the catch?'"

Such is the zeal with which new Anglo players like Steinberg are approaching a transformed Hispanic tv marketplace. Two years ago, this specialized option was characterized as a sleepy business dominated by a sole network that did business with a string of ethnic shops. Today, it is an industry of two Anglo-backed Hispanic networks — Univision, which reaches 84% of U.S. Hispanics, and Telemundo, which expects to reach 70% by year's end — that appear willing to sell their souls to *el diablo* for a bigger share of mainstream ad dollars.

They probably won't have to go that far. Planners, their bosses and their clients are increasingly willing to listen to the pitch, and with good reason. Hispanics are America's fastest growing ethnic market, and if Census Bureau projections are to be believed, they will continue to grow at rates far exceeding the general population.

Conservative estimates indicate that Hispanics represent 8% of the U.S. population, and a *Hispanic Business*

analysis of Census data projects that the percentage of Hispanics in the U.S. population will double by the year 2010. The magazine also estimates that Hispanic "purchasing power" will rise from a 1988 total of \$129.5 billion to \$183.2 billion by 1991.

While most marketers have yet to bring their Hispanic media budgets to parity with these statistics, some are closing the gap. "It's a viable, growing consumer segment that supports our product. So, for us to not reach out to them in their own media would not be very good business," says Evelinda Urman, assistant national program manager of Coors, which places 8-9% of its budget in Hispanic media.

Unlike other ethnic groups, Hispanics tend to retain their own language. According to the 1987 U.S. Hispanic Market Study by Miami-based Strategy Research Corp. (SRC), 70% of U.S. Hispanics speak only Spanish at home, while 18% speak both Spanish and English at home. Almost 17% cannot speak English and about 22% cannot

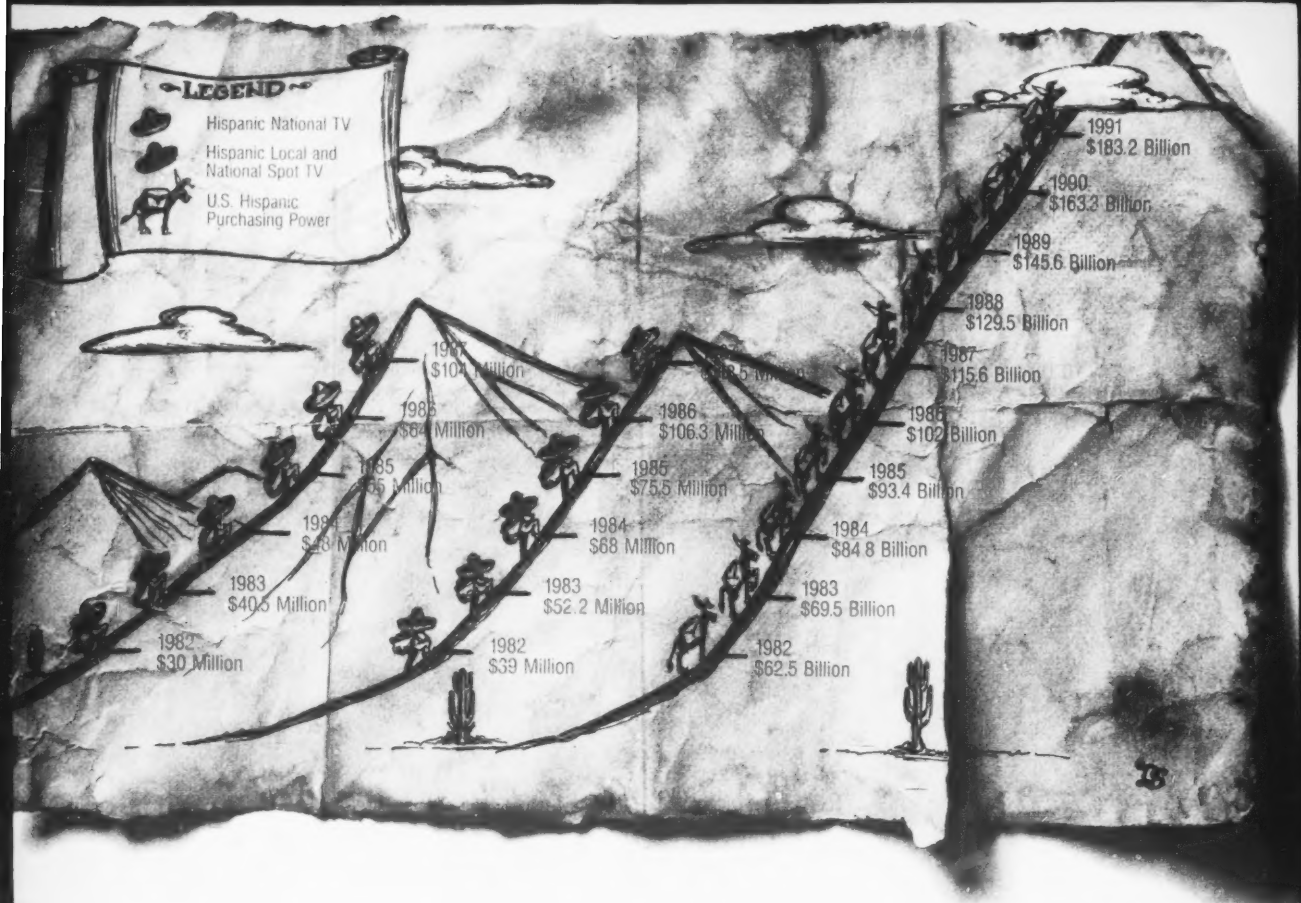


ILLUSTRATION BY DAVE SPERENZA

read English.

Although there is no agreed-upon data on what percentage of Spanish-language media Hispanics use versus English vehicles, SRC estimates two-thirds of all Hispanics watch Spanish-language tv, though not necessarily to the exclusion of Anglo tv.

"You can't assume that because you have Spanish-language television networks, that's all Hispanics are going to watch," notes Doug Alligood, vice president of special markets for BBDO. According to a recent agency analysis of Hispanic viewing of prime-time Anglo network programs, some major-network shows index higher than the U.S. average for Hispanics, including ABC's *Who's The Boss?* and NBC's *Miami Vice*. However, Alligood cautions that due to heavy prime-time competition by Hispanic networks, the Anglo network shows generally underdeliver against Hispanics as a percentage of total viewers, making most Anglo shows a poor buy if Hispanics are the primary target.

Meanwhile, Univision and Telemundo are pouring oodles of money into program production to maintain or better their hold on this audience. While the staple of Hispanic tv continues to be imported Latin American *novelas* (similar to Anglo soap operas), Telemundo now boasts that 45% of the 62 hours it feeds to its stations are U.S.-based shows. Univision currently produces about 20% of its programming domestically and hopes to bring it up to about 40% within the next two years.

"You obviously have to have your Anglo communications vehicles, and you're going to reach a large segment of the Hispanic population with that," says Allan Marcy, senior manager/business analysis and advertising for the Dial Corp. "But you also need some Spanish-language communications, because there is a large segment of the Hispanic population that doesn't speak English."

The problem is, nobody knows what the exact relationship of Hispanic to Anglo media should be. Although the

Hispanic media claim the 8% population figure would be a "fair share" of national ad budgets, the amount of ad budgets earmarked for Hispanic media ranges from one to 10%, according to a 1987 American Management Association report. "Although higher expenditures may be needed during a launch year," states the report, "the longer a company has been in the market, the lower the percentage that goes to Hispanics."

Despite the dramatic influx of Hispanics into the U.S. population, Hispanic media commands less than a 1% share of the national ad pie. According to *Hispanic Business*, only \$490.7 million was spent on U.S. Hispanic media in 1987, compared to nearly \$110 billion for the U.S. total. The good news for the Hispanic media, however, is that Hispanic-targeted spending is rising faster than the general market. While the U.S. ad total rose only 8.4% in 1987, the Hispanic share rose 23.2%. And with Hispanic population growth expected to continue outpacing

that of the general population, Hispanic media is projected to sustain at least those levels of gains into the next century. With that in mind and with a flattening of the mainstream media business, it is easy to understand why major Anglo companies are getting into Hispanic media.

The momentum began two years ago when the FCC forced the management of the sole U.S. Hispanic network, SIN (Spanish International Network), to

divest because of foreign-based ownership. The company was acquired by Hallmark and First Chicago Venture Capital and renamed Univision. At about the same time, Steinberg's Reliance Capital acquired a group of Hispanic stations from the John Blair Co. and created his

own network, Telemundo.

Combined revenues of the two firms now stand at \$250 million, compared to \$33 billion in the total Anglo tv marketplace. The two networks hope to narrow that gap through a combination of new U.S.-based program production, better salesmanship, improved audience research and patience.

Both networks are trying innovative approaches to stretch programming budgets that are miniscule compared to the Anglo networks. Telemundo says it is spending about \$20 million while Univision says it is spending slightly more. A typical Anglo network spends about \$1.5 billion annually.

Telemundo has had success tying in with existing Anglo formats. It currently airs *MTV International*, a one-hour, twice-weekly, Hispanic version of MTV, and *Telemundo-CNN*, a series of news programs jointly produced with CNN. "The way we hooked MTV and CNN was with revenue sharing," ex-

plains Telemundo president and CEO Henry Silverman. "There wasn't enough money to pay them on a pure license fee basis, but the attraction for them was that they believe as much as we do in the direction that we are going."

In fact, the Anglo networks have been trying to develop prime-time shows featuring Hispanic characters that have crossover appeal for Hispanics. ABC scrapped such a project, dubbed *Juarez*, but CBS aired several episodes of *Trial and Error*, a sitcom featuring Hispanic characters, before pulling it. CBS even simulcast a Spanish version of the audio track on radio stations in eight key markets.

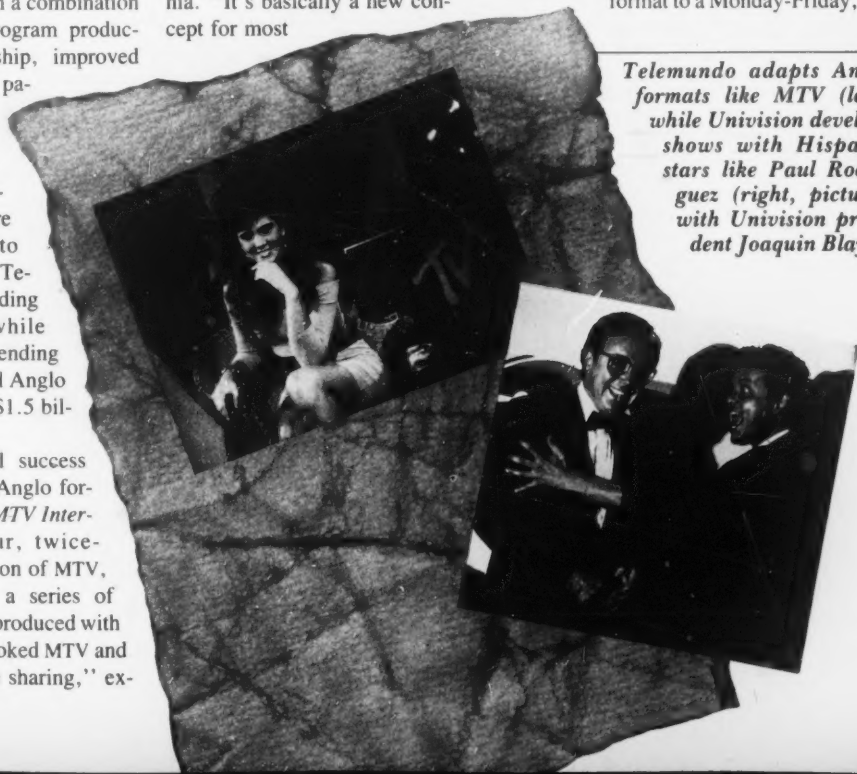
NBC, meanwhile, became the first network to provide its affiliate stations with Spanish versions of its fall promo spots for the 1988-89 season. Other Anglo broadcasters are exploiting the crossover potential of their programming. Los Angeles independent KTLA, for instance, has been using the second audio program (SAP) channel of the stereo tv signal to broadcast a Spanish feed since 1984. The station currently airs about 25 hours of dual-language programming each week and recently became the first station in the country to air a bilingual tv commercial for the Rice Growers Association of California. "It's basically a new concept for most

advertisers; they still treat it as a novelty," notes KTLA regional sales manager Dean Scheu, adding, "but with the increase in Hispanic households, it makes a lot of sense."

Tv syndicators also are trying to fulfill their crossover dreams. World Television is syndicating *Bravo*, a weekly talk-show hosted by Nely Galan, the "Oprah Winfrey of the Hispanic world." Each segment of the half-hour show is produced twice, first in English and then in Spanish. Meanwhile, All American Television is syndicating *Latin Connection*, a weekly show about Hispanics. Although the show is produced in English, a Spanish audio track is available on local radio stations. All American president George Back says the show has been marketed primarily to mainstream advertisers, because Hispanic agencies are ill-equipped to buy crossover media. "We discovered along the way that these agencies may not even have commercials available in English," says Back. While Anglo broadcasters explore the crossover potential of their programming, two cable networks hope to capture a share of the Hispanic market with news programming for Hispanics. Galavision, which began as a pay service for Hispanics, recently switched to ad-supported basic service and changed its format to a Monday-Friday, 24-



Dial's Marcy favors a mix of Hispanic and Anglo buys.



Telemundo adapts Anglo formats like MTV (left), while Univision develops shows with Hispanic stars like Paul Rodriguez (right, pictured with Univision president Joaquin Blaya).



SCT's Gatell: Sabado Gigante has made Saturday a big night.

hour news show called ECO. On weekends it shows sports and movies. The Spanish Television News Network plans to launch a similar all-news format in January.

Telemundo's and Univision's managements adopt the familiar posture that these

efforts will be beneficial by raising awareness. "If NBC were to feed their entire lineup with a special Spanish feed on their stereo channel, it would be very easy for us to walk into any of NBC's advertisers and say, 'If you're really trying to reach Hispanics, why don't you advertise on Spanish television,'" says Telemundo's Silverman. "Competition is good for the marketplace," adds Univision president Joaquin Blaya. "It brings awareness and recognition."

Blaya adds that changing perceptions are becoming evident in that marketplace. For instance, he says an "upfront" market is emerging for new shows. Univision's new daytime women's show, *TV Mujer*, he says, pre-sold 10 major advertisers, including Lipton, Kraft and Polaroid. The clients, he feels, are willing to take risks on the new shows because they're specifically produced for the U.S.

While Latin American novelas remain some of the highest-rated Hispanic shows in the U.S., Telemundo airs a new novela produced in the U.S., The show, *Angelica, Mi Vida*, even features a cross-section of the U.S. Hispanic population, with Mexican, Cuban and Puerto Rican characters.

The real new success story in Hispanic programming is a game show called *Sabado Gigante*. But not just any game show. *Sabado Gigante* is to Hispanic viewers what *Wheel of Fortune* is to Anglos. And advertisers seem to agree — Coca-Cola, Hershey and Procter & Gamble are among those stumbling over each other to buy one of the 12 sponsored segments that are sold for each of the three-and-a-half-hour long

Saturday night shows.

"*Sabado Gigante* has changed the whole perspective of Saturday nights on Hispanic television," says Gustavo Gatell, media supervisor of Castor Spanish International, the largest independently-owned Hispanic ad agency. "We never had a Hispanic audience on Saturdays, but this show has created one. In certain markets it does better than ABC, CBS and NBC." According to SRC's spring sweeps, *Sabado Gigante* had a 38 rating among Hispanic households.

Besides higher ratings, U.S. marketers are moving more deeply into Hispanic tv because its environment, like cable, is much more hospitable than the Anglo networks. Sponsors' products are routinely plugged during shows.

"We like a live talk-show format like *TV Mujer* because it is something that gives us an opportunity to talk about our company and our new image," says J.C. Penney manager of special segments marketing Hispanic markets Patricia Asip. She says the main reason companies like hers can do these sponsorships on Hispanic networks is because "they are more affordable" than Anglo tv.

Indeed, according to Telemundo's Silverman, cost per thousand are averaging about 50% of those for Anglo networks. He adds that part of the reason for the soft rates is because it is hard for His-

panic broadcasters to validate their ratings performance to clients. While Nielsen and Arbitron do special Hispanic analyses as part of their regular ratings, their methodology is not designed to measure Hispanic households and is believed to underreport viewing to the Hispanic networks. SRC, conversely, uses a door-to-door survey in areas of high Hispanic concentration, which is believed to overstate Hispanic viewing. As a result, buyers are left to haggle over the numbers.

All this may change soon. Recently, Telemundo and Univision joined forces to organize the Spanish Television Research Council, which has sent out requests for proposals for a new people-meter ratings system to measure Hispanic tv. The project, which is estimated will cost about \$25 million to launch, would likely cost each of the networks about \$3 million annually, with some nominal costs paid by agencies and advertisers.

Nielsen and Arbitron are expected to submit proposals soon, and the networks plan to begin testing a new ratings system in Los Angeles in 1989 with a national rollout planned by 1991. Meanwhile, Hispanic tv will continue to post gains on its perceived ratings levels. Says Telemundo's Silverman, "We know we've got viewers. Every time we change a show we get thousands of calls." In other words, Hispanic tv *es muy caliente*. ■

1987-88 TOP 10 PRIME-TIME TELEVISION PROGRAMS HISPANIC HOUSEHOLDS

	HH Ratings		Hispanic/Total Index
	Hispanic	Total	
1) Bill Cosby Show (NBC)	29.9	1) 30.4	98
2) Who's The Boss? (ABC)	23.9	7) 22.7	105
3) A Different World (NBC)	23.3	2) 26.7	87
4) Growing Pains (ABC)	23.0	4) 23.9	96
5) Cheers (NBC)	19.9	3) 24.7	81
6) Golden Girls (NBC)	18.5	8) 22.2	83
7) Moonlighting (ABC)	18.0	12) 19.4	93
8) Alf (NBC)	17.9	14) 18.5	97
9) Night Court (NBC)	17.2	6) 23.3	74
10) Family Ties (NBC)	15.4	19) 17.2	89
10) Miami Vice (NBC)	15.4	41) 13.8	112

Source: BBDO; * 10 DMA-weighted averages; ** national prime time



RECIPES FOR

Jean-Jacques Rachou, chef at La Cote Basque, an exclusive New York restaurant, is opening a bistro this month where the average lunch costs only \$20, compared to \$40 at La Cote Basque. That's just one sign of the pragmatic turn that America's booming food business has taken recently. And where the business goes, so go the publishers who serve the field.

Epicurean magazines grew fat on those boom years. This year, however, in the midst of a particularly tight second half, growth has stalled. Though food marketers remain core advertisers for these magazines, publishers are looking to cook up business in new ad segments. Prime prospects: automotive, home furnishings, cosmetics and direct-response retail.

To some, the publishers' next course is only logical. George Mahrlog, director of media services at Campbell Soup Co., sees nothing wrong with the food books trying to attract more ads by broadening their coverage. "They're not talking to one-dimensional people," he points out, "so they can address compatible interests."

Those non-food advertisers who use food books don't buy them for the food edit, but for an "upscale demographic skew," adds Bob Mancini, media director, Detroit, at DDB Needham Worldwide Inc., the agency for Audi. "They're like tennis or golf magazines — we don't necessarily buy a publication because its readers play tennis or golf," but because they do so as

In a field stuffed with
options, food-book
publishers are
looking to vary the
fare and expand
their basic business
into non-food
categories.

part of an indulgent lifestyle. He adds, "A magazine like that tends to involve the reader more because it has a special interest for them."

That's just what the epicurean publishers want to hear as they look to open their base while defending their food-specific niche against a groaning board of ad possibilities. Such food-marketing staples as the Seven Sisters (*Woman's Day*, *Family Circle*, *Good Housekeeping*, *Better Homes and Gardens*, *Ladies' Home Journal*, *McCall's*, *Redbook*) are out to recoup lost food pages. *Hall's Magazine Reports* August survey finds they dedicated an average 21.4% of their pages to food edit, and Publishers Information Bureau lists 1,706.8 food-related ad pages for the books for the first three quarters

of 1988, down 2% from the same period in 1987. (Our six epicurean titles, meanwhile, were up 5%.) One of the Sisters, Meredith Corp.'s *Ladies' Home Journal*, will reformat its food editorial to align it more closely with the upscale food books; the new section debuts in February, accompanied by a snack-food promotion.

The Condé Nast "Package of Women" (*Vogue*, *Glamour*, *Made-moiselle*, *Bride's*, *Self*), recently sponsored a study, "Woman and Food II," which can be used to lure food ads into their pages. *Self*, in fact, launched "FoodStyles" in May, a biannual food-focused advertorial. October's "FoodStyles," is 18 pages, up from 16 in May.

Meanwhile, magazines from *Elle* to *Star* join regional media in serving the food category — *Sunset* publishes a cookbook, *New York* has regular food-related editorial and *Yankee* runs a recipe competition among readers. In a recent issue of Rodale Press's *Men's Health*, the "Eating Right" column faces an ad for Quaker Oat Bran. One epicurean publisher, sizing up the growing competition, points out, "People is one of the major magazines for food advertising."

Explains an ad-agency executive who prefers to remain unnamed, "We're representing a food advertiser, and the epicurean books don't need us." He continues, "The travel, lifestyle books are dying for our ads — they give us the in-

MARIA FERRARI

GROWTH

by Amy Alson

centives."

Linda Brandt, media-planning manager for Nestlé Foods, agrees. "Women who bake read more than food magazines," she says. "There are other mass-reach magazines." In addition to editorial content and audience, she considers her ability to get preferred positions and rates.

So how do you keep your niche while expanding your base? That's what the major food books are looking to answer. Entries in SRDS (August 27, 1988) with circulation greater than 500,000 include Knapp Communications Corp.'s *Bon Appetit*; American Express Publishing Corp.'s *Food & Wine*; Condé Nast Inc.'s *Gourmet*; Triangle Communications Inc.'s *Good Food*; Southern Progress Corp.'s *Cooking Light*; and H.J. Heinz's

Weight Watchers Magazine.

In addition, there are highly focused food books with smaller reach, such as *Cook's Magazine*, and even genre books for specific foods, such as *Chocolatier* with circulation of 335,831.

Bon Appetit, the biggest of the epicureans, has a circulation of 1.3 million. Beginning with the October issue, it has added a heavier cover stock and new graphics, and it has expanded its editorial well to 50% from 44% of total pages. There's more travel and entertainment coverage, but no fewer words on food.

"It's not





that food advertising was hurting from increased competition from other magazine categories," claims *Bon Appetit* publisher George B. Dippy III of the re-

vamp. He maintains the changes came for a reader survey that showed interest in these topics.

While food is the book's largest category, "automotive is our largest growth category, we are growing in travel and home furnishings, and we'd love to have financial," Dippy says. "Cosmetics advertisers are giving us a long look" since the redesign, he adds. "All of the epicurean magazines have the kind of women who buy department-store cosmetics."

Demographically, *Bon Appetit* is in the middle of the market. Its readers' median household income is \$46,509 (MRI Spring 1988), giving its readers the means to buy "high-quality prestige products," but not "luxury" goods, Dippy says. "We get DeBeers . . . not Black, Starr and Frost [the exclusive jewelers]. We're BMW, not Rolls Royce."

While *Bon Appetit* reaches more epicurean readers, *Gourmet* leads in ad pages. Acquired by Condé Nast in 1983 from the MacAusland family, who founded it in December 1941, *Gourmet*'s subtitle is "The magazine

of good living." Thus, publisher Richard B. Barthelmes asserts with a nod to the current trend, "It's absolutely the very first lifestyle magazine."

That doesn't always help the cause. Mancini of DDB Needham comments, "Lifestyle is not one particular thing. It's not that you're into gourmet food or fine wines. When we build a plan we try to capture all these types of lifestyles. It's a matter of getting people that have a better opportunity to buy our products."

And Lauren Heller, a media supervisor on the Peugeot Motors of America account at HDM Advertising in New York, says, "Everyone's in the lifestyle category — epicureans, sports, travel . . . It just means they're less vertical," and it doesn't necessarily make a magazine better or worse," she believes.

Yet this lifestyle orientation has paid off for *Gourmet* in the past. Its top ad categories are what everyone else in the category wants — travel, automotive, wine and spirits and household furnishings — and it leads second-ranked



PETER YATES

"It's not that your into gourmet food . . . it's getting people that have a better chance to buy our products."

Bob Mancini
Media director,
DDB Needham, Detroit

Bon Appetit by 187 pages through October, according to *Media Industry Newsletter*. But *Gourmet*'s ad pages are flat this year, following a 43% rise over four years.

"This year is tougher," admits publisher Barthelmes. "There's more competition at this end of the market, but not more dollars," he says. "A lot of magazines are adding columns about some of the subjects we cover . . . We find ourselves competing with *Traveler* [one year old and also owned by Condé Nast] and the revamped *Bon Appetit*."

Gourmet's focus hasn't changed at all in five years, Barthelmes says, but it has become "more marketing oriented." That means promoting *Gourmet*'s broad cultural coverage, of which food is a part.

Food coverage continues to account for 44% of *Gourmet*'s edit well, the same as travel. But "increasingly we are using what we consider a 'travel cover,'" Barthelmes points out. "If you looked through it and didn't know what it was, you wouldn't say it's a food book . . . It's for people for whom it's important to dine well."

FOOD MAGAZINE SCORECARD

	Single Copies*	Subs*	Total Circulation*	+/- % U.S. Jan.-Sept. 1987	Nine-Month Ad Pages Jan.-Sept. 1988†	+/- % U.S. Jan.-Sept. 1987†	Cost of One-Time 4/C Page††
<i>Bon Appetit</i>	87 776	1 220 289	1 308 065	-1.3	701 72	-8	31,170
<i>Cooking Light</i>	75 168	489 741	564 909	+7.6**	184 35	+73.7	14,400
<i>Food & Wine</i>	35 638	729 232	764 870	+6.5	441 75	-8.4	22,830
<i>Good Food</i>	272 519	451 184	723 703	-23.5	176 37	+38.5	10,650
<i>Gourmet</i>	90 837	715 254	806 091	+1	847 15	+2.7	22,570
<i>Weight Watchers</i>	163 246	812 032	975 278	+4.8	295.89	+5.0	19,355

*ABC FAS FAX, 6/88 6-mos. avg.

**6/30/87 not avail., comparison is vs. publisher's sworn statement for Jan-Feb 1988

†Publishers Information Bureau as reported by LNA

††publishers, rates cards

BRAND REPORT

No. 157: Allergy & Cold Medications

AAH-CHOO!!!

by Paula Schnorbus

Allergy and cold medications that used to just have antihistamines and decongestants to unstuff the nose are clogging store shelves with line extensions that are pretty stuffed themselves. Now you can get an analgesic or a cough suppressant thrown in and take it in capsule, caplet, tablet or liquid form. And

most products are interchangeable. You can take a "cold" medication for allergies and vice-versa because they often relieve the same symptoms. "Congested" truly seems to be the word to describe the allergy and cold medication category.

But it hasn't hurt a bit — so far, anyway. Almost half of the consumers in this country are coughing up dollars for the products, according to Media-

ALLERGY & COLD MEDICATIONS' 1987 MEDIA EXPENDITURES (000)

TOTALS	Network* Television	Spot* Television	Cable TV* Networks	Syndicated* TV	Network* Radio	Spot** Radio	Magazines	Sunday Magazines	Newspapers***
Ak-a Seltzer Plus	\$22,842.8	15,856.6	2,450.1	648.1	275.1	3,612.4			
Dimetapp	\$22,748.7	9,375.6	11,945.4	3.1			1,394.6		
Vyqual	\$21,634.5	10,749.6	5,924.6	574.0	1,453.5	751.7	18.1		
Benafac	\$17,755.6	12,972.0	248.7	397.2	3,102.0				35.2
Benadryl	\$16,808.8	11,191.6	7,734.2	160.4	415.8		2,998.6		
Comtrex	\$15,663.6	13,246.6	315.9	78.4	1,728.2				
Achfed	\$11,266.4	9,392.4	12.1	120.0	298.1		1,442.0		
Rudafed	\$4,867.3	8,304.6	7.2	93.7	170.8		1,066.0	155.9	69.1
Chlor-Trimeton	\$4,965.4	2,793.4	827.5	492.2			852.3		
Allergo	\$1,717.3	1.8				317.6	208.0		

Sources: *Broadcast Advertisers Reports (BAR); BAR/Leading National Advertisers; **Radio Expenditure Reports; ***Media Records; No outdoor expenditures were reported.

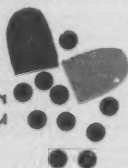
mark Research Inc. (See Index, page 104). Manufacturers' sales alone last year rose more than 10% to \$800 million, and that's without mark-up that can be as high as 60% to 70%, according to Jim Saberton, senior consultant at Kline & Co., a Fairfield, N.J.-based market-research firm.

There is also a trend toward self-medication because of rising doctors' fees and the proliferation of prescription products that have gone over-the-counter. Consumers believe that if something was a prescription, or Rx, product, it's got to be good. They also believe that more is better, hence the multi-symptom relievers.

The Rx-to-over-the-counter (OTC) market may have taken a bite out of some classic OTC products like Contac, which also lost sales because of a poisoning scare with its products two years ago. Nyquil, however, is an OTC original that continues to be the number-one selling cold medication.

Prescription-heritage products should also keep an eye on private-label medications. *American Druggist* magazine says that, although the Rx heritage dominates in drugstores, it has "lost some of its luster" to other competitors, including private-label products.

A trend towards self-medication is fueling the success of Rx-to-OTC conversions.



Gordon Compton, a group product manager with Miles Inc., comments that better-educated customers may buy generic products because they feel they contain the same ingredients as branded products. A less-educated customer may buy a branded product because a) he's heard of it, and b), it's more expensive "so it must be good."

Mediamark Research paints the basic heavy user of cold, sinus and allergy remedies as Southern women between 35-and-44 years of age. There



Children provide a rich market for line extensions.

are three or more people per household, meaning children. No wonder so many allergy and cold product line extensions are children's formulas.

To reach their target, manufacturers' preferred medium is network television. As a group they spent \$208 million on the networks for their various cold, cough and sinus remedies last year, according to Broadcast Advertisers Reports. The second-biggest medium was spot tv, with a piddling \$60.4 million in 1987 ad expenditures. A look at the first half of 1988 shows that soap operas and game shows on network tv are as popular as ever with advertisers, who also favor free-standing inserts in Sunday newspapers and other couponing, such as point-of-purchase coupon pads in stores.

Drugstores, the biggest outlet for allergy and cold medications, have been losing share, while supermarkets have been gaining share, according to Packaged Facts' cough, nasal and cold remedy report. There are more in-store pharmacy sections, and shoppers tend to visit supermarkets more often than drugstores.

And where there's a store shelf, there's a slotting allowance. When Miles Inc. was about to introduce its Alka-Seltzer Plus Night-Time Cold Medicine, it presented retailers with reams of research to prove why it should be on the shelves. Compton of Miles explains that "the feeling is, if you can show a good sales story, the-

oretically they should give you the space without having to pay for it." Compton claims that he isn't sure what the outcome of Miles' effort was.

One marketing consultant believes, however, that "in reality, the trade looks at a slotting allowance as a cost of doing business. They take into account computer changeovers, warehouse handling and all the direct expenses they incur. So you can show them all the research you have that the product is profitable, and they'll say, 'Terrific, but it costs me money every time I want to add an SKU.'"

Expensive as it might be to market in this field, Kline & Co.'s Jim Saberton says the allergy and cold medication category is on a roll. But he cautions, "If no new ingredients are added, the growth will slow." The next Rx-to-OTC product on the hit parade is expected to be Seldane, a non-sedating antihistamine by Merrell Dow Pharmaceuticals.

Following are the top 10 OTC allergy and cold medications with the greatest market share, according to Saberton of Kline & Co. and Packaged Facts. Even though the medications are mostly interchangeable as allergy and cold-symptom relievers, Saberton says that in the allergy category, Benadryl has more than 40% of the market and Chlor-Trimeton has over 30%. Allerest, once the leader, has dropped below 10%. In the cold category, Nyquil has a 12% share, and Alka-Seltzer Plus and Sudafed both have 9%, Saberton estimates, based on manufacturers' sales at food, drug and mass-merchandise outlets. Packaged Facts, which provides brand shares from drug and food stores that account for 92% of sales, lists the other major shareholders as Contac and Dimetapp, both 7%, Actifed 6% and Comtrex 5%.

COLD MEDICATIONS

Nyquil

The 22-year-old venerable, anise-flavored drinkable night-time cold medicine has been extending itself into new lines in the past two years. Nyquil, which is marketed by Richardson-Vicks, a part of Procter & Gamble, added a cherry flavor in 1986, and for the 1988-89 cold season, a children's formula has been introduced, sans al-



Libby Riddles, a dog-sled race winner, provides a testimonial for Alka-Seltzer Plus.

cohol. A bottle of regular Nyquil has a 25% alcohol content, which answers the question of why it is a "night-time" cold medicine.

The children's formula, for those six and older, contains a cough suppressant, nasal decongestant and antihistamine. The regular formula is recommended for children 12 and older.

Nyquil doesn't try to straddle the fence and go after allergy sufferers, too. The regular formula is said to be an antihistamine, pain reliever, cough suppressant and decongestant — in other words, it "relieves major cold and flu-like symptoms."

Tv is the principal medium for Nyquil. The 30-second spots were seen earlier this year on network tv during *Late Night with David Letterman*, *Sledge Hammer*, *Designing Women* and sports, soaps and game shows. On syndicated tv, Nyquil was seen on *Star Trek: The Next Generation* and *Sea Hunt* as well as on *Werewolf* from Fox and CNN on cable. There are also Nyquil FSIs.

LNA reports that in the first six months of this year, Nyquil advertised in *Reader's Digest* and *TV Guide*.

The children's formula will have its own creative that will appear in women's service magazines this fall. There will also be separate 15- and 30-second tv spots. Nyquil's agency is D'Arcy Masius Benton & Bowles.

Alka-Seltzer Plus

Alka-Seltzer Plus Cold Medicine, which has been on the shelf some 20 years, came out with a night-time line extension last year. Although the name states that the Miles Inc. product is for colds, the lemon-flavored tablets that fizz and dissolve when dropped into

water may also be used for common flu, sinus congestion and hay fever.

Unlike Nyquil, Alka-Seltzer Plus Night-Time Cold Medicine doesn't contain alcohol. However, it does contain an analgesic for sinus headaches. "Most allergy medications don't have an analgesic," says Gordon E. Compton, group product manager.

Compton reports that the target audience for Alka-Seltzer Plus is "more downscale than other cold remedies.

**Nyquil and
 Contac
 liquid
 are both
 25% alcohol.**



We generally try and feature middle-class people," Compton says that the original 50-year-old Alka-Seltzer for upset stomachs achieved popularity and growth with downscale users. "It's not viewed as a technologically whizzy-type product, like a prescription product becoming an over-the-counter product," explains Compton.

Alka-Seltzer Plus is positioned as fast, effective relief for tough winter colds. "We focus on the speed of relief; because it's effervescent, it dissolves before you take it," adds Compton.

The marketing has changed in the past 10 years. During the 1978-79 cold season, Alka-Seltzer Plus was reformulated and the amount of decongestant doubled. Compton says the

advertising was "pretty much all over the block." That's when the company began using testimonial-type advertising. The format has changed from testimonials of "tough cities" to individuals or "real people, not actors." For example, one tv spot featured Libby Riddles, who won the Alaskan Iditarod sled dog race in 1985 and actually used Alka-Seltzer Plus.

About 80% of Alka-Seltzer Plus ad dollars are in tv. Network is used for the most part. Earlier this year, Alka-Seltzer Plus appeared during *Jake & the Fatman*, *Wise Guy*, *Tour of Duty* and soaps, sports and game shows. Compton says that the brand averages about three different commercial executions between September and April. The spots are 30- and 15-seconds. Thirty-second radio spots air on network radio, and Alka-Seltzer Plus also advertises in free-standing-inserts in Sunday newspapers and co-op advertising with the trade.

Compton says that business has grown because of increased media spending. It also was helped by "significant sampling through direct mail." Samples go to single-dwelling households. "We try to restrict sampling to make sure it gets in adult hands," notes Compton. There also is some convention sampling.

Wells, Rich, Greene is the agency. LNA's figure of \$22.5 million is "pretty close for last year," says Compton, who will only say the expenditures are "more this year."

Sudafed

Sudafed, a Burroughs Wellcome Co. product, has been a non-prescription decongestant for colds and allergies for 28 years. The line includes



Sudafed makes much of its lack of side effects.

tablets, 12-hour capsules and a children's liquid, all of which are decongestants that are said to work "without drowsiness." Sudafed Plus contains an additional antihistamine, an ingredient that may cause drowsiness.

It took Sudafed until October 1984 to advertise on national tv. BAR reports that in the first quarter of 1988, Sudafed advertised on network tv during *Cheers*, *The Cosby Show*, *My Two Dads*, soaps and game shows and network evening movies. In the first half of the year, Sudafed ads ran on Fox during *Women in Prison*, *Werewolf*, *Duet* and *21 Jump St.* and in cable on networks such as CNN and TBS.

Sudafed Sinus, which contains a decongestant and analgesic, made its debut last summer with a national tv campaign, trial-size displays, refund offers and coupons. The product also

boasts that it works "without drowsiness."

LNA reports that in 1987, Sudafed had about \$9.6 million in ad expenditures. Media Records says that \$69,101 was spent on newspaper advertising last year. McCaffery & McCall is the agency.

Actifed

Another Burroughs Wellcome product, Actifed, did the prescription-to-OTC transformation in 1983. Initially, the product wasn't advertised, but then it capitalized on its association with the National Aeronautics and Space Administration. In 1968, Actifed began rocketing out of this world with the astronauts, and consequently Actifed's first spokesman was Wally Schirra, the first astronaut to take Actifed in space. The flag-waving didn't stop there, and even Actifed's packaging became red, white and blue.

Actifed, an antihistamine and decongestant, is available in capsules or tablets, and also in 12-hour capsules and syrup form. BAR reports that the products advertised earlier this year on network tv during shows such as *Spenser: For Hire*, *West 57th Street*, *J.J. Starbuck*, *Dynasty*, *Dolly*, *Miami Vice* and soaps and game shows. On syndication, Actifed ads appeared during Fox Network's *Boys Will Be Boys*, *Mr. President* and *Married With Children*. CNN and TBS represented cable. Actifed also does couponing at the stores and offered a \$2 mail-in refund last summer.

LNA reported that Actifed's ad expenditures in 1987 amounted to almost \$11 million. McCaffery & McCall is the agency.

Contac

Contac, which stands for continuous action, has not had continuous top-market share action since it held 42% of the pie back in the 1960s. The 27-year-old brand lost out to Dristan in the late 1960s, according to Packaged Facts.

The brand, which is owned by Smith Kline Beckman, also has had its share of bad luck. It certainly has not been helped by the flood of prescription-turned-OTC products on the market. If that wasn't enough, rat poison was discovered in several capsules of Contac

in 1986. The company voluntarily withdrew the product from market. Packaged Facts reports that a new tamper-free, safety-sealed Contac bounced back less than two months later, partially because of Contac's old established name.

But J. Richard Wuest, professor of clinical pharmacy at the University of Cincinnati, says that the scare as well as a reformulation has hurt Contac. "It doesn't stop the runny nose as well anymore," claims Wuest. Extract of belladonna was removed from Contac



FSIs are standard operating procedure for most entries.

because the possibility of side effects was too great, he explains.

Contac has several line extensions, including its capsules and caplets for "12-hour relief," a caplet for "severe cold formula," and a night-time cold medicine that "tastes better than Nyquil" but contains the same 25% alcohol content. There also is a children's product, Contac Jr., a non-drowsy cold liquid, which is used according to a child's weight. Contac products also may be used for allergies.

Contac's tagline, "Until there's a cure, there's Contac," has been used since the products' re-introduction in 1986. As does most of its competitors, Contac advertises on tv, but in 15-second spots only. The commercials earlier this year were shown on network evening movies, daytime soap operas and game shows, according to BAR.

Contac also appeared on syndicated shows such as *Hit Squad* and *The Oprah Winfrey Show* and cable tv's TBS movie presentation.

Contac also drops FSIs in Sunday newspapers and advertises on billboards. BBDO is the agency.

Spokesman Remi Heymsfeld says that LNA's estimate of close to \$15 million for last year is "in the ballpark."

Dimetapp

Dimetapp, owned by A.H. Robins, is another prescription-turned-OTC product that actually made its mark as a liquid-cold medication for children. "It was great," says Harold Cohen, pharmacy editor of *Drug Store News*. When he was still working as a pharmacist, he recalls that it was the "only thing children would take."

Dimetapp products include the 12-

hour Extentabs decongestants/antihistamines, Dimetapp Plus, which also contains an analgesic, and the Elixir, "with a great grape taste," which is recommended for adults and children 12 and older.

BAR reports that Dimetapp advertised during first quarter on network tv shows such as *Murder, She Wrote* and *Matlock*, as well as morning and evening news and soap operas, though fewer than its competitors. For the first half of the year, LNA reports that Dimetapp advertised in the *Seven Sisters* magazines and also *New Woman*, *Parents*, *Working Mother* and *Working Woman*.

In 1987, Dimetapp's ad expenditures amounted to \$22.7 million, according to LNA. Scali, McCabe, Sloves is the agency.

Comtrex

Bristol-Myers' Comtrex is one of the rare brands that came out in the last 10 years and wasn't a prescription drug. The "parent" Comtrex, as they call it, has the usual antihistamine and decongestant, but it also has an analgesic and a cough suppressant. It comes in tablet, caplet and liquid form.

Last year Comtrex wanted to capitalize on the allergy market and introduced Allergy Sinus Comtrex. It has everything the parent Comtrex has except the cough suppressant.

The target audience is 18- to 49-year-olds with an emphasis on women, who tend to purchase more cold products. A secondary target is households with children because they often have more colds.

Patti Kriger, group product manager for Bristol-Myers' personal and health-care products, says, "The advertising is designed to communicate that Comtrex is a multi-symptom product that relieves more symptoms than competitors' products." The tagline is "Comtrex. That's all. Nothing else." That tagline has been used for five years. A testimonial campaign has been running for three years.

Comtrex airs its 30- and 15-second commercials on all dayparts, prime time and late night tv. Network is primarily used and also syndication and cable. Spot tv is used on a limited basis. In the first half of the year, BAR reports that Comtrex commercials



Comtrex plays up its multi-symptom strengths.



Dimetapp offers a variety of forms.

aired during soaps and game shows, *Late Night with David Letterman*, *Kate & Allie*, *thirtysomething*, *Falcon Crest* and the *ABC Evening Movie*, all on network tv. On syndicated tv, spots appeared during *Hit Squad*, *Star Search* and *Lifestyles of the Rich and Famous*, and on cable, Comtrex used USA, CNN and TBS networks. Advertising, created by Laurence, Charles, Free & Lawson, is primarily done September through March.

Comtrex isn't airing on radio or appearing in magazines. However, it makes use of FSIs in Sunday newspapers and point-of-purchase coupon pads. Comtrex is looking into providing a toll-free, informational number in the future. It is also one of about eight Bristol-Myers' brands that participates in the Meals on Wheels program. Kriger explains that 25 cents per



It took 40 years for Benadryl to go over-the-counter.

40-cent to 50-cent coupon is donated toward weekend meals, which are funded by private-sector support.

LNA reported last year that Comtrex had almost \$14 million in ad expenditures. Kriger says that the figure is "in the ballpark."

ALLERGY RELIEVERS

Benadryl

Benadryl, a prescription drug since 1946, went OTC almost 40 years later in 1985. This number-one OTC allergy product recently introduced its Benadryl Plus for colds.

The basic Benadryl is an antihistamine. There also is Benadryl decongestant, and this too contains an antihistamine. The new cold formula goes a step further and includes a non-aspirin pain reliever in addition to the decongestant and antihistamine. There also is an allergy "elixir" for children.

Tv is used heavily to push the medications, but many are turning to 15s to try and save money without losing impact.



Benadryl's positioning relies heavily on its former prescription status, hence the tagline, "The most prescribed allergy medication ever." Jack Voller, Benadryl's product manager at Parke-Davis, a Warner-Lambert unit, says that while colds and allergies cut across demographic segments, the people that treat them tend to be upscale. He adds that women treat them more than men.

Benadryl has one 30-second spot, but it uses mostly 15-second commercials. "We have found that in terms of the delivery of the message, they are efficient," says Voller. "The cost of a 15-second spot is 75% the cost of a :30. Depending on the buys, you can deliver more impressions per dollar." He adds that while "clutter is a concern, so far, the spots are working very well." BAR reports that in the second quarter of 1988, Benadryl appeared on network evening news, while the elixir also appeared on soaps and game shows and prime-time shows, including *I Married Dora* and *Moonlighting*. Benadryl also advertises in 30-second radio spots. "Warner-Lambert is one of the biggest radio advertisers," says Voller.

Print ads are used, mostly in the *Seven Sisters* and also *Time*, for example, as well as FSIs in Sunday newspapers. Benadryl boxes also have a toll-free information number.

Sudler & Hennessey is the agency. Voller says that LNA's 1987 media expenditure estimate of \$14 million without FSIs "doesn't sound too outlandish."

Chlor-Trimeton

Chlor-Trimeton, which went OTC in 1975, has several line extensions, ranging from 4 mg. to 12 mg. for "maxi-

mum strength allergy relief." There also is Chlor-Trimeton with decongestant for sinus-congestion relief.

The target is generally the allergy sufferer, says Lauren Raabe, brand manager for Chlor-Trimeton, which is marketed by Schering. "It's a big target, anyone from 18 to 55." There are some geographic skews that vary from season to season, depending on the ragweed. "We try to take the geography into consideration, but it's hard to plan when buying media nine months in advance if the South will be particularly hard hit," explains Raabe. "The general message is pretty much the same and goes national. The allergy seasons are pretty well defined even if they move regionally."

The bulk of the media spending goes to tv "because the medium is so expensive," says Raabe. There are 15-second spots and also a :30 that has a tag promoting the new sinus product.



A small budget pushed magazines out of Chlor-Trimeton's plan.

The product appeared on the medication standby of soaps and game shows and some late-night tv during second quarter of this year, according to BAR. In the first quarter, Chlor-Trimeton appeared on shows such as the \$100,000 Pyramid, and Fox's 21 Jump St. and The Tracey Ullman Show. On cable, Chlor-Trimeton ads aired on CBN, TBS and USA networks.

Magazines weren't used this year. Raabe says that because Chlor-Trimeton was working with a limited budget, advertising dollars were put toward tv. The product is also promoted heavily to physicians through sampling and detail pieces, although not through journal ads. Free-standing-inserts also have been used this year in Sunday newspapers.

Raabe says that LNA's estimate of \$4.5 million in media expenditures last year "sounds about right." He then goes on to add, "It's probably about the same for this year."

Ogilvy & Mather was the agency earlier this year, but was dropped. Raabe wouldn't elaborate, but she did say that O&M still was the agency for

"Until the big OTC switches, Allerst was the biggest product in the market," says Pennwalt's Shea.



Drixoral, another cold product by Schering. A new agency for Chlor-Trimeton was still under consideration at press time.

Allerst

"Until the big OTC switches," says Bernard Shea, senior vice president, health, of Pennwalt Corp., "Allerst was the biggest product in the market." Allerst, an original over-the-counter antihistamine and decongestant targeted at allergy sufferers, got its

start in the late 1960s.

Twenty years later, Allerst has joined the market in expanding into a variety of forms, including regular, children's and 12-hour-strength tablets. There is also a headache strength that includes an analgesic.

Allerst is advertised seasonally during March and April and also during the early fall. Tv is used less frequently and only on cable and spot. Earlier this year, BAR reports that Allerst commercials aired on cable's USA Network during *Airwolf*, *Mike Hammer* and *Alfred Hitchcock*, for example, and also on CNN during the evening news and *Larry King*.

Shea says that in-store promotion and FSIs in Sunday newspapers and coupons are used. "You normally find with a well-known product that those are the things that usually make people decide to buy," he explains. Allerst also is offering a deal of 36 tablets for the price of 24.

Levy, King & White, Buffalo, N.Y., is the agency. LNA reports that Allerst had \$1.4 million in ad expenditures last year. ■

The wisdom of their eyes

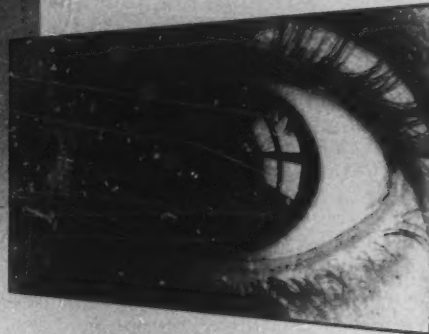
When one wrong decision could cost you your life, you learn to ask questions. It is a lesson of war. That's why veterans tend to be tough consumers. Offer them something "free" and they will suspect you. Give them honest value and they will respect you. Prove you are worthy of their trust and they will become loyal customers.

Listen to our readers: "...I trust The American Legion Magazine and have no qualms in purchasing anything they advertise."

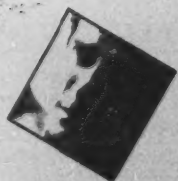
If you want to sell to veterans, target veterans.

1-800-345-8670

SMM Jan. 1988



THE AMERICAN
LEGION Veterans Mean Business
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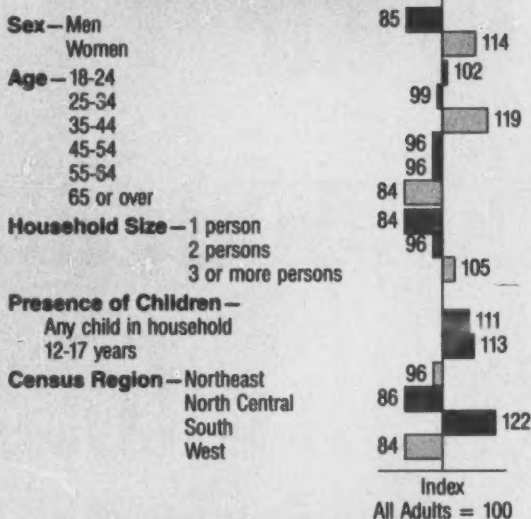


BRAND REPORT INDEX

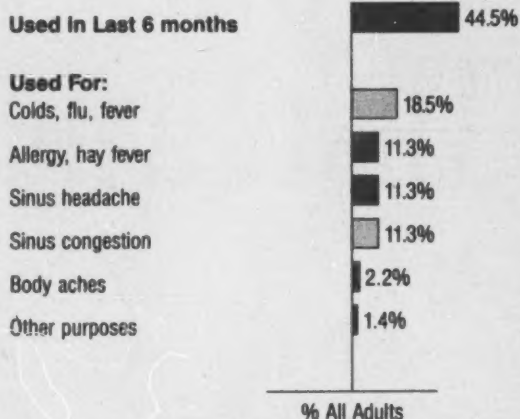
ALLERGY & COLD MEDICATIONS

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

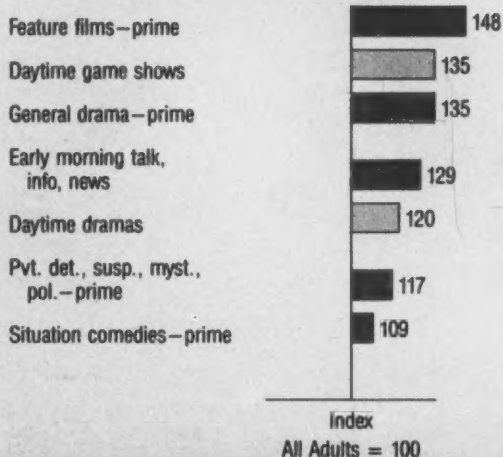
KEY DEMOGRAPHICS Heavy Users of Cold, Sinus and Allergy Remedies



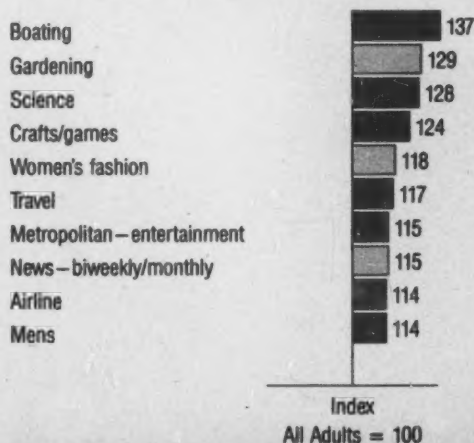
USAGE OF COLD, SINUS AND ALLERGY REMEDIES



PREFERRED TV PROGRAM TYPES Heavy Users of Cold, Sinus and Allergy Remedies



PREFERRED MAGAZINE TYPES Heavy Users of Cold, Sinus and Allergy Remedies



POINT/COUNTERPOINT/

CONSIDERING CLOUT

INTO THE POOL

Having been on the client side of the advertising business for 20 years, I've developed some biases about what an advertising agency should do for a client. And it always starts with keeping the client's best interests in mind.

In today's economy, a client's best interests definitely include efficient media buys. We have a continuing need to effectively introduce new products and services and maintain a level of awareness to protect the investment we've made in our brand. Many factors exist simultaneously, making this job more difficult. First, our target customer — the affluent and active adult — is getting even more mobile and harder to reach with media. Plus the media choices are proliferating at an ever increasing rate. More research and more knowledge about the choices are needed. On top of all of this we're caught in an upward spiral of media costs. Do you ever hear of prices staying the same, let alone going down? This demands serious attention to more effective media buys.

That's why I've always been open to means for getting more of our message to our target customers while holding the line on costs. Pooling of media-buying functions between agencies is one of the newer concepts designed to meet that objective.

It is certainly not without possible pitfalls, not the least of which is confidentiality where competitive accounts are combined. I would want to be assured that different buyers would be used to execute buys in the case of a competitive situation. I would also want to be sure that the media planners, who should become an even more integral part of strategic planning for the client, would exercise tight control over the performance of the buying function. While I would need to be convinced about the ability of these arrangements

to overcome these issues, I'm very receptive to proposals that can stretch our media dollars further.

It's actually not much different from the agency-of-record strategy where one agency is selected among multiple agencies for a client to provide the media-buying function. The result is the same: more buying power, or "clout."

The European market seems an appropriate location for the testing of the agency joint-venture media-buying concept because of the consolidation that is already taking place there. I'm sure a lot of lessons will need to be learned before this notion can be brought to the U.S. And if the concept can be successfully tested in Europe,

there will still be unique concerns that will need to be addressed before it could be implemented in the U.S.

I applaud the agencies for being proactive in understanding and finding new ways to address the concerns of their clients over the shrinking dollar. It's a

controversial move, but old ways of doing business need to be challenged in order to survive in a changing marketplace. With no direct control over these factors, we need to find creative ways to meet our objectives. We hire our agencies to work on our behalf. They are our partners in meeting our goals, and as

such I believe they would find a way to make pooled media buying work, or not do it at all.

Jan Soderstrom is a vice president of advertising and marketing communications at Visa USA.



OUR READERS TELL US...

While more than half of the advertisers polled by Research USA, Chicago, believe that media-buying "clout" exists and leads to better media efficiencies, only 17% of their agencies are considering combining their media-buying operations with another agency.

AGENCY SURVEY (Base = 105)

1. Are you considering combining media-buying operations with another agency?

Yes	19.0%
No	81.0%

If "yes," what are your reasons for considering this change?

Cost savings	0%
Media efficiencies	25.0%
Both	65.0%

Other	10%
(Base = 20)	

2. What are your clients' reactions to the consolidation concept?

Very favorable	1.9%
Favorable	3.8%
Non-committal	32.4%
Negative	17.1%
Very negative	4.8%
Don't know	23.8%
No answer	16.2%

3. With which media do you think pooled media negotiations would be most effective?

Network tv	58.1%
Cable tv	42.9%
Spot tv	44.8%
Syndicated tv	39.0%
Newspapers	19.0%
Magazines	41.0%

TAKING THE HIGH GROUND

How to gain media clout? How to get better deals? How about more efficiency?

Mega-media mergers? Sorry. I see a lot more questions than answers.

Why would an advertiser support these mergers? More clout? For whom? The nation's biggest advertisers already have it. Many of the advertisers and agencies involved in merger discussions have already reached the critical mass that's meaningful in the mature U.S. market.

Why would big advertisers want to help smaller advertisers benefit from their huge buying power? Why would smaller advertisers believe there would be any major benefits that would trickle down to them?

And who still believes that size alone is the driving force in the market? Over the last few years, the winning clients and agencies succeeded — not because of size — but from innovative buying talent.



They bought smarter, not bigger.

The winners in the media marketplace combined highly targeted, creative media planning and buying. They knew when to move; how to negotiate; when to be flexible and open to opportunities.

This is a marketing issue: buying and selling, supply and demand. And as in most consumer-marketing arenas, mass and bulk just don't do it anymore.

How will the tv networks react when a mega-media buying group comes

asking for a price deal? Frankly, the networks know that the big advertisers need them. It's the smaller advertisers who can be more flexible in seeking out media alternatives.

It may be the smaller advertiser who has more bargaining leverage, and the networks won't lose as much profit in dealing with them.

And what about conflicts? Proponents of mergers assume that it's a concern related to *planning*, not buying.

That's simply naive!

How can clients who guard against competitive conflicts at the account, creative and media-planning levels close their eyes to media buying?

Media buying is the execution of a media plan. The media plan reflects marketing objectives and strategy. Period. Timing, weight, media selection — all indicate marketing approach, major introductions, promotions and activity. The competition is too tough to risk sharing that kind of information.

And how would this "impartial" media-buying group decide which client gets the prime spot, the sponsorship opportunity, the last-minute deal?

The bigger client? The more profitable client? The client who's put the account up for review?

Why would an agency encourage its agency to merge media buying? Because the client feels it's not getting effective results? Would you encourage merging creative teams because creative was weak?

No, you would help correct the situation or you would switch agencies. Media-buying talent is just as precious and just as important. If your agency doesn't have it, there are alternatives.

Media mergers aren't the answer to a marketers' dream. But they sure do raise a lot of questions.

Mary Lou Quinlan is the director of advertising at Avon Products, Inc., U.S. Direct Selling.

Outdoor	15.2%	interest for participating agencies?	
Spot radio	34.3%	Yes	73.9%
Network radio	38.1%	No	26.1%

4. In which form would a consolidated buying service best operate?		3. Does media clout really lead to better media efficiencies in the U.S.?	
As a separate office	67.6%	Yes	64.8%
From within one of the participating agencies	18.1%	No	30.7%
No answer	14.3%		

ADVERTISER SURVEY (Base = 88)

1. If your agency considering combining media-buying operations with another agency?		4. Would you drop your agency as a media buyer if it merged its media-buying operations with another agency?	
Yes	17.0%	Yes	35.2%
No	83.0%	No	56.8%
		No answer	8.0%
2. Do you think pooled media buys would necessarily present a conflict of		5. How do you believe consolidated media buying will affect strategy?	
		Positively	17.0%
		Negatively	55.0%
		No change	27.3%

ECONOMIC EYE

NUMBERS SLUMBER

Cable guru Paul Kagan has come up with some revealing statistics concerning network audience erosion. Based on Nielsen figures, Paul Kagan Associates has determined that in the past eight seasons ('80-'81 through '87-'88), the average final season rating for prime-time network broadcast has fallen 23%.

MAGAZINE AD SCORECARD	Ad Pages	% change	Dollars spent	% change
	Sept. 1988	from Sept. 1987	(000)	from Sept. 1987
1. Skin Care, Creams, Lotions and Oils	134.11	-27.2%	\$ 5,254.2	-3.9%
2. Lip and Eye Beauty Products	181.52	+96.7	5,709.5	+73.1
3. Scents and Fragrances	226.85	+7.7	5,936.4	+9.8
4. Facial Makeup Products	151.47	+34.9	6,599.7	44.1
5. Prepared Dinners and Entrees (including Pizza)	27.16	-8.5	1,761.4	-13.9
6. Liquor	345.66	-4.5	16,349.9	+5.4
7. Cigarettes	644.16	+14.1	35,531.2	+18.6
8. Soaps and Detergents	30.54	-44.3	1,991.2	-40.2
9. Passenger Cars, Domestic	193.48	+14.9	11,936.5	+12.6
10. Passenger Cars, Imported	431.61	+32.6	20,800.9	+51.0

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

← 1987 →

1988 →

	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	April	% change	May	% change	June	% change	July	% change
Network TV																
Daytime	82	-4	92	0	80	-7	82	-7	78	-15	76	-18	73	-22	81	-17
Nighttime	111	+2	112	+5	148	+41	113	+13	99	-0	110	-0	122	+8	110	+0.3
Spot TV																
Prime time	123	+6	128	-1	130	-2	115	-12	125	-9	126	-8	125	-4	-	-
Daytime	105	±0	123	-5	108	±0	98	-9	95	-18	103	-13	93	-10	-	-
Network radio	106	+6	147	+6	129	-7	121	-4	116	+0	116	+2	116	+2	102	-0.5
Spot radio					106	+3			-	-	101	+3	-	-	-	-
Consumer magazines	113	+5	114	+5	115	+6	115	+4	115	+5	115	+5	115	+5	115	+5
Natl. Sunday mags	106	+12	117	+13	116	+13	116	+13	116	+13	116	+13	116	+13	116	+13
Business publications	113	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5
Newspapers	116	+7	124	+7	124	+7	124*	+7	124	+7	124	+7	124	+7	124	+7
Outdoor	118	+12	123	+11	123	+11	123	+11	123	+8	123	+8	123	+8	123	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:00 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.



MEDIA DIRECTOR
MICHAEL WHITE

T • H • E 1988 MEDIA ALL-STARS

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**

MARKETING & MEDIA DECISIONS

COVER STORY

THE 1988 MEDIA ALL STARS

Once again, clients have guided us to the few special individuals who made a big difference in planning and buying the media this year. Our All Stars, along with their Star Watch colleagues, represent the best and the brightest that today's agency media department has to offer in nine areas of expertise. Spotlights, please!

MEDIA DIRECTOR:

MIKE WHITE 42

He does it all for DDB Needham in Chicago. He sells the agency, nurtures and supports his team and elevates media to new heights of professionalism. Star Watch: Jane Twyon, NW Ayer, New York.

ASSOCIATE MEDIA DIRECTOR:

CHARLES RUTMAN 53

His work for Backer Spielvogel Bates' Hyundai and Wendy's accounts makes all the difference in competing with their giant rivals. Star Watch: Kelly Black, J. Walter Thompson U.S.A., San Francisco.

NATIONAL BROADCAST:

RICHARD HOBBS, JR. 63

His roots in broadcast run deep, but that doesn't prevent this media director from branching off to lead Leo Burnett's clients in new directions. Star Watch: Michael Wang, Campbell-Mithun-Esty, Detroit.

LOCAL BROADCAST:

LAURA SILTON 69

The client comes first for her, whether in painstaking reviews of her department's plans or in arguing with McCann-Erickson management on her clients' behalf.

PRINT: HENRY ANTOSZ 77

In true Chiat/Day form, he threw out the rule book and reinvented the print buy this past year for Nissan. The end result: more money in fewer books. Star Watch: Pam Barnett, J. Walter Thompson U.S.A., New York.

OUT-OF-HOME:

C. PETER RIORDAN 85

He's conservative but effective, and his clients like it that way. It's one reason Lever Bros. and Campbell's have given him responsibility for their tests of in-store media. Star Watch: Chris Massler, Leo Burnett, Chicago.

CABLE: WES DUBIN 95

DDB Needham's Chicago-based broadcast whiz feels cable is rife with opportunities for his packaged-good clients. And he proves it. Star Watch: Elizabeth Russo, Saatchi & Saatchi DFS Compton, New York.

RADIO: SUSAN ROWE 103

AT&T moved all of its network-radio buys to NW Ayer largely due to her tireless work for them in this medium. That may be news to Avon: They say she gives them 100% of her attention.

MEDIA RESEARCH:

STEVE SINGER 109

His past history and his strong, new leadership at Young & Rubicam have made him the standard bearer for his profession. Star Watch: Susan Nathan, Laurence, Charles, Free & Lawson, New York.

BRAND REPORT 158: NEAR-LUXURY AUTOMOBILES 135

Performance, practicality and a dash of style are driving this new import-dominated car segment. But Detroit wants to know: What about us? Brand Report Index, pg. 156.

Charles Rutman,
Backer
Spielvogel Bates



Steve Singer,
Young & Rubicam

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Amex warns the industry to respect its customers before the government does it for them, and two agencies merge their strengths.

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ESPN offers a sports-specific programming guide, and desktop publishers are getting a title of their own in March.

*C. Peter Riordan,
BBDO*



*Michael White,
DDB Needham*



*Henry Antosz,
Chiat/Day*



*Susan Rowe,
NW Ayer*



*Richard Hobbs, Jr.,
Leo Burnett*



*Wes Dubin,
DDB Needham*

*Laura Silton,
McCann-Erickson*

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The NAB shares a sampling of their 1988 Athena-award winners.

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The cable industry, for the first time, has comparable numbers for itself and broadcast.

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Sales-promotion agencies apparently are the next item on the British agencies' shopping lists.

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The EPA is about to drop the environmental issue into marketers' laps.

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Many were nominated, but few were chosen. These comments give you an idea of how we narrowed the list.

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Sure, single-source has promise. But beware of thinking it's been fulfilled.

TELEVISION Kate Lewin 116

There are ways to get around commercial avoidance.

CABLE Francie Barson 122

As cable grows, are direct-marketing clients being forgotten?

MAGAZINES Richard Bonds 126

The new facts of negotiating space call for a new sophistication.

PLANNING John McSherry 132

Multi-set tv households require new measures to convert existing data.

COVER PHOTO CREDITS: Adam Chinitz (5), Richard Derk (2), Jim Caccavo, Gary Sigman Black Star.

FREEZE FRAME

by Richard Huff

PEOPLE METERS AND CABLE

From the beginning, cable tv has worked under a cloud of questionable comparisons to broadcasters. Nowhere was this more evident than in the methods used to measure audiences for each. Unlike broadcast networks, which have always used standardized Nielsen ratings reports, cable networks historically have published their Nielsen ratings in tailor-made versions that more often than not highlighted their strengths and masked their weaknesses.

That was, however, until the start of this broadcast season, when Nielsen began measuring the ratings of cable networks on the same people-meter system used for broadcast network rat-

ings. For the first time, the two are being measured by the same yardstick.

Although Nielsen had converted its national ratings system to people meters last season, cable ratings for the 1987-88 season came from a hybrid method that combined household estimates from the people-meter sample with viewer-per-household estimates (used to produce demographic ratings) derived from Nielsen's diary-based sweeps. The reason: With only 2,000 households in the 1987-88 people-meter sample, researchers felt the standard of error would be too great to accurately produce cable ratings.

But effective with the 1988-89 season, Nielsen's people-meter sample

has grown to 4,000 households, enough to instill confidence in people-meter ratings for cable networks. Besides providing more valid numbers, the move conforms all national television media — network, syndication and cable — on the same playing field.

"This puts cable on an equal footing," says Grey vice president and associate media director Jon Mandel. He also thinks meters will make the industry a "little more honest."

Indeed, because of the lack of uniform ratings between cable networks, as well as between cable and broadcast networks, agencies have found it difficult making comparisons.

For example, a recent survey of client and agency executives conducted by Infomarketing Research found that 70% were not satisfied with cable data.

Buy one
frozen.
Get one
frozen
free.



"You may see some people who didn't believe in the old data buy into cable now," says Steve Sternberg, vice president and manager of broadcast research of Bozell, Jacobs, Kenyon & Eckhardt.

While this ultimately will lead to more informed cable planning and buying decisions, industry observers feel the real results won't be felt for some time. BJK&E's Sternberg, for instance, feels it could be at least a year before people meters change buying habits for cable tv. The problem, he says, is that agencies won't have people-meter data at their fingertips until February. Until then, agencies will have to rely on the cable networks to provide them with accurate numbers.

However, when change does come, it will likely be profound. A by-product

APPLES TO ORANGES PEOPLE METER-TO-DIARY VIEWERS PER HOUSEHOLD INDICES (DIARY = 100)

	Persons			Women			Men		
	2+	2-11	12-17	18-34	18-49	25-54	18-34	18-49	25-54
BET	93	120	100	82	82	89	91	93	97
CBN	104	104	139	103	108	108	102	111	110
CNN	102	258	179	131	113	103	160	120	115
ESPN	104	178	127	125	127	126	100	89	93
LIFE	106	135	163	102	106	101	132	131	124
MTV	99	116	70	84	89	100	116	116	134
TWC	104	168	213	108	101	94	126	112	107
VH-1	101	108	124	81	86	83	102	105	106
WTBS	99	85	112	89	102	103	106	105	104
USA	97	89	98	97	104	104	104	101	101
Weighted Avg.	100	99	102	95	103	104	109	104	105

Source: Bozell, Jacobs, Kenyon & Eckhardt analysis of preliminary people-meter data for cable; average of Nov. '87, Feb. '88 and May '88 sweeps.



Cheaper by the dozens.

Whether you're sending bakery ads or banking ads, AD/SAT will save you dough. We'll transmit your ad in minutes, for as little as \$15 per newspaper when you're running a multi-newspaper schedule. The conventional method—including repro costs, wrapping, labeling and shipping—can add up to \$70 or more per ad. That makes us 80% less! With AD/SAT, saving money is a piece of cake.



FREEZE FRAME

of the larger people-meter sample is the ability to break out more demographic categories that will allow cable networks to substantiate their undocumented viewership claims.

"CNN has claimed for years that it has had younger demographics, when news generally skews older," points out Grey's Mandel. In fact, a BJK&E analysis (see chart, pg. 39) of preliminary people-meter data indicates that CNN's audience skew may be different than previously thought. The report shows CNN has fewer older viewers but a higher number of children and teens in its audience comp compared to the old diary results.

Researchers think the people-meter results are more accurate than ratings produced by diaries. This is believed to be due to a "halo effect" that falsely attributed viewing to broadcast net-

work shows at the expense of alternatives such as cable.

People meters are not without system flaws, however. It has been acknowledged that Nielsen has problems measuring children and teens. For example, early people-meter results indicated that MTV's teen audience is off some 30%, but also shows an increase in viewers 2-11 years old.

Still, observers agree that even if demographic shifts affect the bottom lines at some cable networks, it will net out even for cable as a whole. "Most of our cable buys are a percentage of a network budget," says Sharon Magee, project associate for St. Louis-based Advanswers. "People meters may cause us to shift between cable networks as demographics change, but on a whole, people meters won't add or take away advertisers from cable."

The USA Network's David Bender, vice president of research, doesn't think people meters will change buying habits until the numbers have stabilized, and even then, he is not sure buying habits will change much. "People are going to wait for some good, reliable numbers before making any changes," says Bender. "Until we get a better handle on who's in the room and measurement for commercials, there may not be a difference in buying patterns."

BJK&E's Sternberg, however, predicts that demographic changes will lead to tougher cable negotiations. "Those cable networks that demonstrate higher ratings among their key selling demographics will try for cost increases, while those that show declines will also try for cost increases as a safeguard against further declines."



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PLANNING

John McSherry —
Senior vice president,
director, corporate media services,
Bozell, Jacobs, Kenyon &
Eckhardt, New York



THE IMPACT OF MULTI-SET VIEWING ON MEDIA PLANNING

The growth in households with more than one television set has been dwarfed in the last ten years by the growth of cable and VCRs. Penetration, however, currently exceeds VCR or cable, steady growth has continued since 1980 with penetration up 1-2% each year.

PENETRATION OF TV HOUSEHOLDS

Broadcast Year	Multi-Set	VCR	Cable
1979/80	50	2	18
1983/84	55	17	41
1988/89	63	59	52

Source: Nielsen & BUKE Estimates

More than 10% of adults now have four or more sets in their homes; miniature sets, those with less than a 10-inch screen, are found in 12% of homes.

Traditionally, audience measurements centered on households due to limited people data. People diaries were adjusted to the "more reliable" metered-household set levels. In the diary sample, households with more

than one set received diaries for each set. In the metered sample, all sets in the household were monitored.

All television sets in the household are monitored with people-meter measurement. Although the television household is an anachronism, it continues to persist due to the negotiating stance of the networks. Eventually, household measurement may disappear since it no longer can account for the mobility portability of the medium. Viewing together can occur at the beach as well as the bedroom. Until household measurement disappears, however, caution must be exercised in using some of the basic relationships between households and people.

Since multi-set households tuned to two different channels are counted twice for the ratings but once for usage, traditional usage relationships between households and people are distorted for many applications. In order to determine average station channel tuning relationships between households and people, it is necessary to adjust house-

holds and account for multi-set usage.

The adjustments may be used as multipliers for the household usage or divisors for traditional people conversion factors.

Bozell has built multi-set conversion factors into spot television reach and frequency programs as offered by IMS — TVPLUS5 and Meterfax. This allows our planners to get household and people rating points that account for multi-set usage. Other interested users should contact IMS for information regarding access.

Additionally, our initiatives have prompted Nielsen to provide a new syndicated "Alternate Viewing Sources Report" that provides conversion factors to account for multi-set usage.

As television evolves into a more personal, individual medium, a better understanding of multi-set usage is critical. We need to quantify solitary viewing versus group viewing and develop an understanding of how commercials perform in each environment. ■

JULY '88 PERCENT ADJUSTMENTS FOR HOUSEHOLD USAGE TO ACCOUNT FOR MULTI-SET USAGE

M-S	24-hours	+6%	M-S	8 P.M.-11 P.M. (Sun. 7-11)	+8%
M-F	Midnight-10 A.M.	+4	M-S	11:30 P.M.-1 A.M.	+8
M-F	10 A.M.-1 P.M.	+5	SAT.	8 A.M.-1 P.M.	+5
M-F	1 P.M.-4:30 P.M.	+6	SAT.	1 P.M.-7 P.M.	+5
M-F	4:30 P.M.-6 P.M.	+6	SUN.	8 A.M.-1 P.M.	+4
M-F	6 P.M.-7:30 P.M.	+5	SUN.	1 P.M.-7 P.M.	+6

PRIME TIME EXAMPLE JULY 1988

Multiplier

Household Usage	60.5
(X) Multi-Set Adjustment Factor	1.08
Adjusted Household Usage	55.0

Divisor

Conversion Factor Women (55+)	92
(%) Adjustment Factor	1.08
Adjusted Household Factor	85

Source: A.C. Nielsen

BRAND REPORT

No.159: Near-Luxury Cars

YUPMOBILIA

by Carol Hall

There's a small army of cars on the road, zig-zagging in and out of traffic and driving its way into a new niche in the car industry. Though their numbers aren't huge — 1988 sales approached 500,000 units — in an industry that shifted 10,590,000 new cars out of PARK this year, the acceleration is impressive.



This new "near-luxury" category, as defined and broken out by auto-research firm J.D. Power & Assoc., has deftly maneuvered its way into a slot between upper-middle and luxury cars.

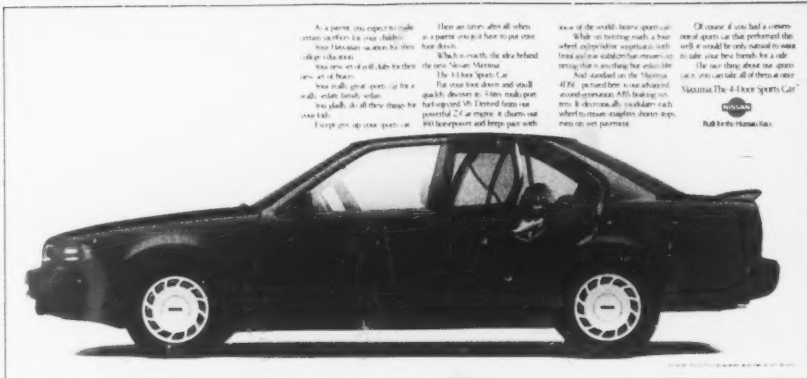
"This category only shows signs of escalating," says Bill Visnic, associate editor of *Car & Driver*. "I don't think this is a flash in the pan. Too many companies are putting too many resources into it," he says.

NEAR-LUXURY CARS MEDIA EXPENDITURES (000)
January-June 1988

Models	Media Total	Network Television	Spot Television	Cable TV Networks	Network Radio	Outdoor	Magazines	Newspapers*	Sunday Magazines
Audi 80 & 90	\$13,876.4	\$4,505.7	\$ 788.5	\$224.0	—	—	\$6,764.2	\$1,519.2	\$74.8
Mazda 929	11,908.7	5,400.2	1,771.1	131.9	1.9	—	2,984.9	1,618.7	—
Mitsubishi Galant Sigma	No available data								
BMW 3 series	7,427.5	2,914.0	816.6	214.4	—	—	2,776.0	631.7	74.8
Nissan Maxima	7,125.2	2,739.5	1,758.6	30.4	—	—	2,596.7	—	—
Peugeot 505	3,843.4	—	16.0	347.3	—	—	3,164.2	315.9	—
Saab 900	716.1	—	67.3	5.6	—	—	526.9	73.0	43.3
Toyota Cressida	709.5	—	157.3	—	—	—	552.2	—	—
Merkur XR4Ti	268.5	35.0	—	—	—	—	233.5	—	—
Volvo 240	150.3	—	51.2	—	—	—	—	99.1	—

SOURCE: Broadcast Advertisers Reports; Leading National Advertisers; *Media Records; no model-specific data available for spot radio; no reported syndication investments

Now you
don't have to
give up
your firstborn
to own
a sports car.



Print is used in a big way in many magazines by leader Nissan.

Unlike the luxury or upper-middle categories of cars, for instance, near-luxury is not a term universally used by car makers — foreign or domestic. But the segment represents the direction much of the automotive industry is traveling in. It is upscaling cars to combine luxury features with performance — notice how many brands offer a “turbo” model recently? To a degree this trend has even affected the economy segment, the hot category five years ago. (Case in point: the new Hyundai Sonata, the company’s first spiffy entry.)

Near-luxury is an “oddball segment,” says David Danzer, Toyota’s national advertising manager. “But we see it as a very important segment and a growing one as people hopefully become more affluent. As the yuppies get older,” he explains, “they are looking for a better car, but aren’t [always] willing to spend \$50,000 or \$60,000.”

But despite their souped-up engines and their fancy standard equipment — things like auto-adjust suspension and moon roofs — these aren’t sports or luxury cars. There is a third element to them: practicality. Therefore, advertising for the segment is likely to emphasize style, speed and comfort, but also safety and durability.

The criteria for selecting the cars for Power’s near-luxury list are wide-ranging. According to Chris Cedergren, senior automotive analyst at Power, the company looked at cars in terms of price, size, type of engine, standard features versus options, styling, reputation for quality, who the manufacturer is trying to sell to and who they actually are selling to. A car’s image,

perhaps the fuzziest criteria, was very important for the list. The company collects its data through phone interviews with consumers, mailings and in focus groups.

Most of the cars on the Power list, all imports, are either “starter” cars, entry-level models for existing luxury brands — the BMW, for instance — or upscale cars for automakers who have yet to forge their reputation in the luxury market, as with the Toyota.

Japan is a strong contender in this segment, the Nissan Maxima dominating the lot. Though it’s still a category most people might associate with European cars, Toyota’s Danzer says that’s changing. “More people are familiar with and knowledgeable about Japanese cars,” he maintains “so they don’t necessarily feel they have to look to Europe now.”

The sales volume for this category is small for the car biz, where a mass-market entry like the Chevrolet Celebrity can roll nearly 200,000 units out of the showroom in a year. But a glance at the average sticker price of the near-luxury wheels — all are over \$17,000 — and a look at their demographics show that these are not mass-market cars to begin with. As Maryann N. Keller, a vice president and automotive analyst at Furman, Selz, Mager, Dietz & Birney notes, “This is a collection of niche products.” They have, she says, “specific images and go after a small group of customers with one-of-a-kind cars.”

So who would have guessed that near-luxury, such a refined-sounding category, would cause a veritable pile-up of opinions in automotive circles?

The cause of the verbal fender-bender: There are no domestic cars on the list. “We compete, whether Mr. Powers says we do or not,” charges Harold Jackson, a spokesman for General Motors. “I think the shoe’s on the other foot: They’re trying to compete in a market we have.”

“The Mercury Sable clearly fits on this list,” roars L.R. Windecker, research and analysis manager at Ford Motor Co. He says the Maxima is “simply another mid-sized car, the same as the Sable. I can’t help it that we sell a comparable car for less money (about \$15,000), and I don’t think that’s a fault,” he says vehemently.

“There are certain arguments for Taurus or Sable” making the list, agrees Cedergren. “But given the volume of those cars, well, they’re positioned as more mainstream sedans.” Though some accuse Power of slighting domestic manufacturers in the near-luxury category, Cedergren says Detroit didn’t make the cut because its cars have less exclusive images. “There is nothing wrong with that,” he states. “They are volume sellers, and just because GM, for instance, doesn’t have any cars on the list doesn’t mean that they’re not making good cars. If GM had a lot of near-luxury cars,” he points out, “they wouldn’t have 35% of the market.”

Keller also notes that the price-to-size ratio of cars and imports is still, for the most part, different. “Detroit doesn’t make cars that are small and luxurious,” she says. “I don’t think their customers will tolerate a small body and a high price.” Many Americans just plain prefer bigger cars and,

with gas back in the dollar-a-gallon range, they don't feel they have to scale down.

Keller adds that it's not a question of whether the domestic auto industry is capable — citing the new Taurus SHO, a fancy performance car about \$19,000, as proof positive. "The question is: Do they want to go up against BMW," a car maker unlikely to ever have the mass-market volume Detroit has.

But *Car & Driver's* Visnic sees it differently. "I don't think the domestics have caught on to what it takes," he says. "They haven't learned how to fight it out in the performance-oriented luxury category." He adds that Detroit's luxury cars, like the Cadillac, don't usually emphasize performance, and those that do are usually more sporty than those called near-luxury.

Nissan Maxima

It's just coincidence that many of the cars on the near-luxury list, compiled in 1988, have been restyled for model year '89. Some, at the end of their product life-cycle of four or five years, received a face-lift as a matter of

course. Others, like the Nissan Maxima, undergo a degree of restyling almost every year.

The Maxima, says national car advertising manager Tery Foutz, is "completely different" this year. Rest assured, it still has four wheels. But the Maxima's been given a more powerful V-6 engine, more interior room ("It was designed around five six-foot-plus people") and a sleeker, less cushy look that some say leans heavily in the direction of Honda's Accord. In addition, it's also been given a new image.

The Maxima has been on the market for years, but until 1982, it drove around as the Nissan 810. "When it was originally conceived," says one auto analyst, "there wasn't much direction for the car."

Not true now. It is far and away sales leader of this category, according to J.D. Power's nine-month figures, with sales of 48,717 cars. The company projects 1989 sales will top 100,000. The Maxima has been successfully positioned as a practical, yet classy, sedan. "Everything would suggest we'd

Detroit's mass-market approach prevents its entry in this narrow segment.



position this as a luxury car," says Foutz, "but we've chosen to position it as a four-door sports car because it has outstanding performance." Indeed, new ad copy from Chiat/Day signals the switch: "Just because you have a family, career and responsibilities doesn't mean you can't have a sports car." But, clearly, Nissan isn't aiming for the low-rider or mag-wheel crowd. Says another new ad: "This car was meant to be driven by professionals — bankers, lawyers and doctors."

The new Maxima line — all four-door sedans — consists of three cars, the more stately GXE and two versions of the zippier SE. Their suggested base prices range from \$17,000 to \$18,899. The target market for the GXE is 25-to-34 years old, while the SE's is in the 35-to-49 year-old range. But in both cases, about 60% of purchasers are men and the median incomes are at least \$50,000.

According to Leading National Advertisers, the brand received about \$7.1 million in support through the first six months of 1988. Foutz says the almost 2:1 ratio of television advertising to print will be the same for the new positioning as it was for the '88-model. Television buys for the '89 Maxima include the World Series, NFL football and various bowl games, *L.A. Law*, *Moonlighting*, *thirtysomething* and *Cheers*. Print buys will be much the same as last year, with *Time*, *Fortune*, *Motor Trend*, *Sunset*, *Southern Living*, *Playbill*, *USA Today* and the *Wall Street Journal* among the titles on a lengthy list. The Maxima will also receive some radio spending but no outdoor.

Nick at Nite's

COMIC BOOKS

Turns any household pet into a killer bee!

KILLER BEE KIT!

\$14.95

*Only available at participating comic book stores

NICK at NITE

The Best of Saturday Night Live.

Weeknights on Cable TV.

"Hello out there from TV land!"

Now's the time to buy Nick at Nite.

Since our subscriber base just grows and grows, we add to our line-up more and more great shows.

NICK at NITE

Volvo 240 DL and GL

Sales of the Volvo 240 line rank it second in this category, with 26,361 units through September. Not bad for a car that Volvo's manager of marketing services, Milt Gravatt, says "is basically the same car we've been selling since the 1960s." It's a car widely referred to as the "box on a box," because of its square-ish body on a square chassis.

The 240 sedans and wagons have been restyled somewhat since the 1960s, but not much. The '89 models are carbon copies of what rolled off the line in 1988. The DL and GL lines are both available in sedan and wagon models, the difference largely being standard equipment. List prices range from \$17,820 for the DL sedan to \$20,775 for the GL wagon.

As the least expensive cars in Volvo's line, the marketing for the 240s, says Gravatt, "is used to highlight their entry-level pricing, safety and value." He says the line received about \$8 million in ad support in 1988, not including dealer spending, and that there will be no change in the level of spending



**ABOUT
THE ONLY THING
A VOLVO 240
WAGON DOESN'T
CARRY IS A
HEAVY PRICE.**

Volvo's reputation for safety, reliability, and performance is well known. The 240 Wagon is no exception. It's a car that's built to last, with a strong, square body and a powerful engine. And it's a car that's easy to drive, with a smooth, quiet ride. So why not get the most out of your Volvo 240 Wagon? See your dealer to buy or lease a Volvo 240 Wagon today.

Volvo's target is "anyone who's bought a hard-cover book."

or the marketing slant in 1989. But the 240 more than carries its weight: It receives about 25% of Volvo's ad dollars, but accounts for nearly 40% of all units sold.

Gravatt says that 40% of the media buys for the 240 line are in local newspapers, advertising that's done in con-

junction with dealers. Much of that print advertising is used to emphasize Volvo's highly-rated resale value. Sixty percent of the budget goes to television, much of it buying spot time in local news shows. Sports shows are a Volvo favorite, too, with emphasis on country-club sports such as tennis and golf. The 240 is also advertised during television documentaries and upscale movies (*Gandhi*, for example). Like almost all of the cars in this near-luxury category, Volvo doesn't offer any sales promotions other than incentives to its dealers.

The psychographic profile of a 240 buyer, says Gravatt, is "academic, pragmatic and thoughtful. We have an inside joke that the guiding psychographic for a Volvo buyer is someone who bought a hardbound book in the last three months." The median age for a 240 driver is 37 years, 65% are married, 81% graduated from college and the median household income is \$60,000. Seventy-five percent of 240 station-wagon drivers are women.

BMW 3-Series

It is perhaps with some justification that Carl Flesher Jr., vice-president of marketing at BMW of North America, disagrees that any BMW could fall into this J.D. Power category. "A BMW owner would never think, if he or she had spent \$25,000, that it was for a near-luxury car," he sniffs.

That may be true. But despite their ample price points, most models in the 3-series are pitched to consumers as "starter" BMWs. Though the top-of-the-line BMW sedan (the 750iL) lists at \$70,000, this line is, as Flesher puts, "for people who can't afford everything." The 3-series, which encompasses seven different models, including a convertible, ranges from a list price of \$24,650 to \$34,950, making it the most expensive of the near-luxury cars.

The 3-series consumer, he says, buys the car for emotional and rational reasons. Emotionally, "It's about social hierarchy" or image, and television is used to pitch the "ultimate driving machine's" status appeal. Print is used to give buyers a rationale for their BMW urge. The 3-series specs are outlined in print ads that appear in the major newsweeklies, business books,

Nick at Nite's

BE DONNA REED
In Less Than Two Hours A Day.

BEFORE AFTER

Send For Your Be Donna Reed Home Study Kit Today!

The Donna Reed Show
Weeknights on Cable TV.

NICK at NITE

"Hello out there from TV land!"

NICK at NITE

Now's the time to buy Nick at Nite.

Since 1985 our brand of TV lunacy has quickly spread to over 43 million households.

Source: Nielsen 2.88

© 1988 MTV Networks

But, more important, the company is spending greater sums to protect this car's position. The 3-series is responsible for 50% of BMW's American sales. For the first seven months of 1988, according to J.D. Power, sales totaled 21,872. The company is looking for an '88 total in the 40,000 range. "This is a solid bread-and-butter car," says Flesher, chuckling at the irony of his statement about a car this pricey. "Those conquest sales are extremely important to us," he adds, alluding to



BMW's 3-series will get a 5%-to-10% boost in ad dollars in 1989.

all those first-time BMW buyers the "3s" have reeled in. LNA reports multi-media spending on the line as over \$7 million for the first half of 1988. —

The 3-series convertible goes after a different demographic than the rest of the line. The top-down model lists at

\$33,850 and reaches for people in their early 40s with a household income of over \$100,000. The other models target a group with a median age of 35 and incomes of at least \$70,000. 35% of those buyers are women. BMW offers its dealers a handy rule of thumb: A customer's household income should be at least three times the retail price of the car.

Saab 900

Analysts and other car makers often used the word "weird" or "eccentric" to describe the look of the Saab 900 series.

But with U.S. sales as respectable as Saab's, it's a "sticks and stones may break my bones..." situation. J.D. Power shows nine-month sales of the 900 line at 18,323, and the company projects it may top out in the 30,000-

For a hint of
MR. ED'S AFTER-SHAVE...

Scratch
'n'
Sniff

**NICK
at
NITE**

MR. ED
Weeknights
on Cable TV.

*Bring out the
best in your
after shave!*

**NICK
at
NITE**

Now's the time to buy
Nick at Nite.
Where people with money
turn for something funny.

[illegible]

Despite a change in agencies, the Saab's sell will remain unchanged.

car range by year's end. That's roughly the same number it sold in 1987 and about what it's expected to do in '89.

Though the 900 line has been around for some time, its oddball sleekness and reputation for safety has caught on, particularly with upscale families, in the past few years. The basic 900 market has a median age of 35, is 55% male and has a median income of \$55,000. Compare that with the 900 convertible's market of 76% male buyers, median age 43 and median income of a whopping \$130,000.

Gradually, however, the 900's market share is being encroached upon by

the Saab 9000, a much more luxurious and powerful line. The 900 model range in price from \$17,000 to \$32,095 for the zippy convertible, while the starting price for the 9000 line is about \$24,000.

The company sees two reasons for the drift. Some 900 owners are moving up to the 9000. But there also has been a rise in "conquest sales," with consumers switching from other high-priced makes over to Saab.

Though Saab changed ad agencies recently, hiring Lord Einstein O'Neill & Partners, not much about the '89 campaign will change from the year before because nothing much changed about the 900 itself. The entire Saab line, all 900 and 9000 models, received over \$25 million in ad support this year, according to a company spokesman. Media spending should remain the same through 1989, he says. LNA shows nine-month '88 print spending at over \$2 million in books including *Golf Digest, Inc., New Yorker, Smithsonian, Texas Monthly* and the *New York Times Magazine*.

The 900's sales are the best in the Northeast, followed by the Central, South and West regions of the U.S. The company feels the Sunbelt is its potential growth market. Given its map of sales hotspots, Saab puts no national television advertising behind the 900, but does hit the spot markets heavily. Some buys are made in radio, as well.

Mazda 929

The Mazda 929, new to Japan in 1986, was rolled out in America in the fall of 1987. It took dealers a while to get a feel for the car, and for much of 1988, the company will admit, sales lagged behind projections. J.D. Power shows a nine-month total of 18,217 sold. Despite the fact that sales seem to have moved into a healthier 2,000-unit-per-month gear, Mazda is taking no chances. The 929 is in the process of being re-launched.

"We're taking it upmarket, giving it more personality and really defining it," asserts Jan Thompson, vice president of advertising. Mazda now defines the 929's segment as "functional luxury." States Thompson, "This is a change in image." The company is projecting a 1989 sales total of 30,000 units.



Mazda's much bigger 929 ad budget in 1989 will make it number two in ad support among the company's five lines.

Though Mazda won't disclose advertising investment figures, Thompson says the company will be spending "a lot more" on the 929, giving it second-place media weight in its line of five different cars. Much of the budget will go to network television. Creative for the tv campaign will change for '89. Spokesman James Garner will no longer be on-camera for his 30-second spot; he'll just be a voice-over. Mazda wants all eyes on the 929 itself and thinks his star-power may overshadow the car.

Tv buys for '89 will include *L.A. Law*, NBC's *Sunday Night Movie*, *The Equalizer*, *Midnight Caller* and "tons of football." The car will also pop-up on the putting green: Mazda sponsors a number of televised golf tournaments. Print buys include *Time* and *Newsweek*, *Forbes*, *Fortune* and *USA Today*, with buys in additional "up-scale" books planned.

The 929 has a sticker price of \$21,920 and, like many cars in the near-luxury category, has few options — even a moon-roof is standard. The car's market proves to be as follows: 70% male; 83% married; 61% are college graduates; median age is 45; median income is \$64,000; 50% are young and middle-aged parents. According to Bill Hackett, vice president of marketing at Mazda, a big source of 929 customers are people who've already owned a comparably-priced car but are looking at other brands. "They're coming across, rather than

moving up," he says, "and luxury buyers don't move down too often."

Audi 80 and 90

The unintentional-acceleration scare that plagued the Audi 5000 model (sold here since 1978) has caused Audi of America's overall sales to slip in a big way. It also left the company's marketing department with a Tylenol-scale mop-up job. By 1987, U.S. sales had fallen to 41,322 cars from a 1985 peak of 74,061.

In the fall of 1987, the company began what marketing manager Jay Houghton says is a "three-to-four year reconstruction plan for our image." For starters, it renamed its U.S. lines. The 4000 series became the Audi 80 and 90, and the 5000s are now the 100 and 200.

The brand's near-luxury models, the 80 and 90, are virtually the same car except for standard equipment and engine power, and they range in price from \$18,600 to \$24,330. Houghton says the 4000s had been already known for a few years in Europe as the 80 and 90, and the company had plans to internationalize the name.

"It's a very difficult thing to go back into people's minds and counter that *60 Minutes* program," admits Houghton, referring to a well-known episode that investigated the 5000's problems. "It's going to take us years to outlive that — it was devastating." Indeed, J.D. Power shows sales for the 80 and 90 through September at a mere 8,518,

[illegible]

\$352.*

There are three facets to the recovery



EDF Ad

The Toyota Cressida is the car most often cited by other manufacturers in the near-luxury category, as well as industry observers, as the line least qual-

**ssida
ideo**



Toyota is advertising the Cressida on television for the first time since the '86 model year. Last year the line was pitched in print and supplemented with a tiny bit of radio. The '89 model Cressida got its first taste of tv in the World Series with the "Pride of Toyota" ads. Though it received heaviest support in the last quarter of '88, it will be advertised through the next year. Media dollars are also going to upscale cable buys (Arts & Entertainment, CNN and

golf and tennis tournaments on ESPN) and local news, fringe and late night television.

The car was launched in print with four-page inserts in eight magazines, including *Time*, *Architectural Digest*, *Forbes* and *Scientific American*. Other books like *Fortune*, *Atlantic Monthly*, *Life* and *Lear's* received spreads and single pages. And since over 50% of its sales are centered in only ten markets, regional print buys such as *Los Angeles Magazine*, *Sunset* and the *New York Times Magazine* figure prominently into the plan.

Cressida was also the subject of an unusual mailing in November — a video brochure to 150,000 Toyota owners. The company is gambling that the upscale household targeted will have a VCR. A second mailing will occur in February to target non-Toyota owners.

Leading National Advertisers shows nine-month print expenditures totaling \$1.2 million.

Mitsubishi Galant Sigma

There's not a lot of enthusiasm at Mitsubishi for this car. This is evidenced by its recent name change, the lackluster marketing plans for it and the tone of resignation people at the company use to talk about the car. "Our sales goals aren't that ambitious for it," concedes Mike Nash, Mitsubishi's vice president of marketing services. "We haven't done that much with the car in '88 and won't do that much in '89," he says.

That may be the kindest thing, because the Galant (sic) Sigma has had a roller-coaster recent past. The car was redesigned — made a bit longer and given a new engine and suspension system, for instance — for the 1987 model year.

Fine. Then, the company introduced its Mitsubishi Galant, a sporty sedan, last spring. At that same time, the company shrunk the name of that redesigned Galant Sigma to, simply, Sigma. The company says that it kept half of the name because it wanted to hang onto that car's prestige and franchise. The result is an understandably confused marketplace.

Nash says there's another reason for holding back on ad support for the Sigma. "Let's face it, there's a lot of

MITSUBISHI

For those who appreciate luxury and performance. No matter how little it costs.

Mitsubishi

MITSUBISHI

GALANT

The many incarnations of Mitsubishi's near-luxury entries seem to have done more to confuse the public than to convert them.

competition out there, and we're just not that big a company that we can go out and fight those battles," he sighs. J.D. Power says the car's nine-month sales were 5,554; Sigma's sticker price is \$17,069. Nash says Mitsubishi plans to ship only 4,600 Sigmas to America in '89.

Mitsubishi says the redesigned

Sigma received \$2.6 million in tv advertising from fall '87 through the fall of 1988, and about \$3 million in print during that same time period. Mitsubishi also revealed that television support is expected to be cut from the '89 media plan, with advertising for the Sigma mostly done in print placed in upscale magazines.

Expand your World into DuPage County.

Central DuPage County is now part of Herald City. That's what we call the 45 upscale northwest and western suburbs of Chicago served by the DAILY HERALD. Now folks in 9 central DuPage communities can read more about their hometown and the world as only the DAILY HERALD can report it. To find out how you can reach this vital market, call Jim Walsh at 312-870-3600.

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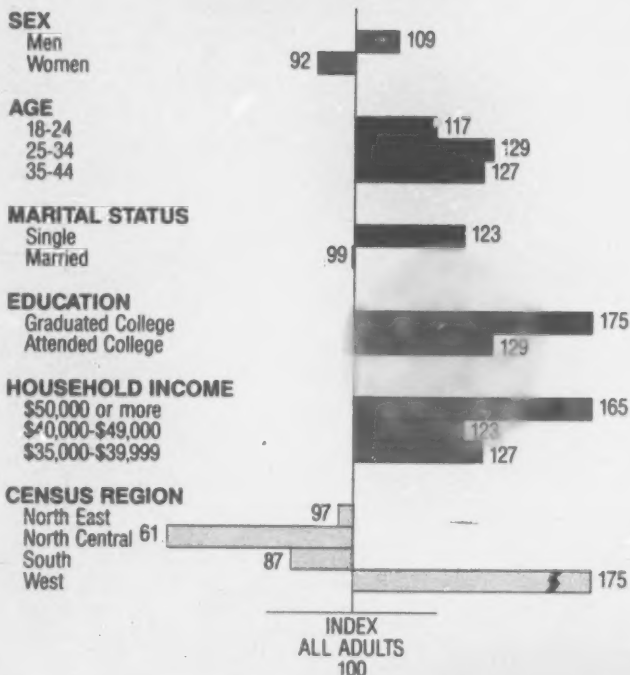


BRAND REPORT INDEX

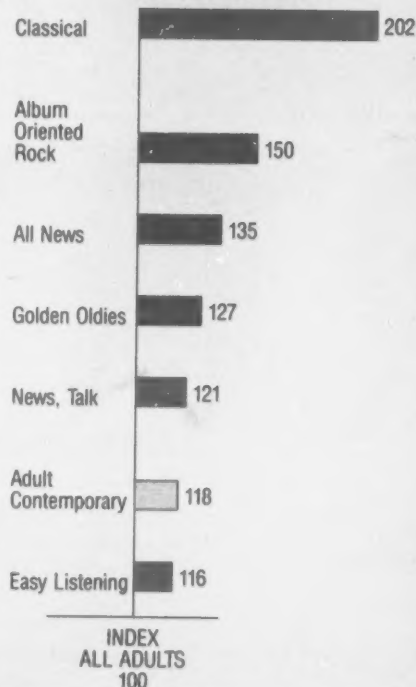
NEAR-LUXURY CARS

How to read: Closest breakout is import-owner segment. Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

KEY DEMOGRAPHICS: IMPORT OWNERS

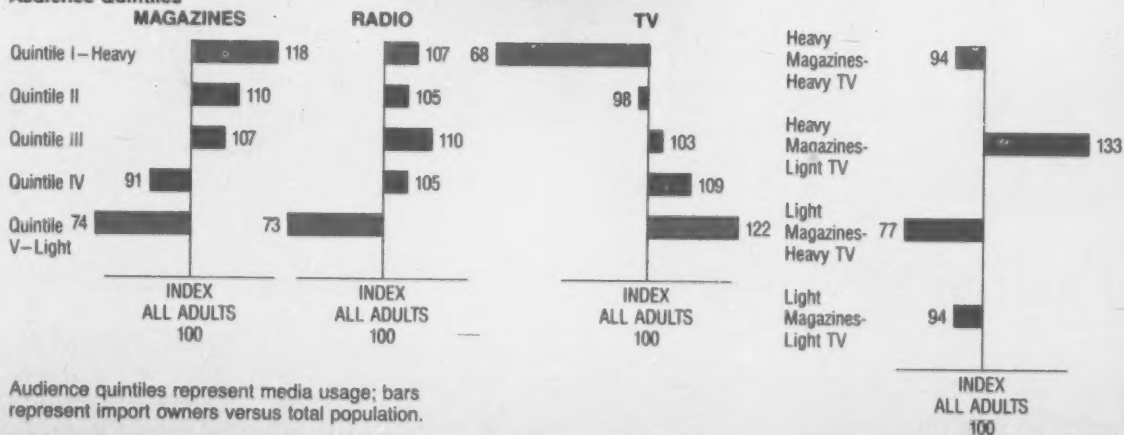


RADIO FORMATS FAVORITES: IMPORT OWNERS



MULTI-MEDIA EXPOSURE: IMPORT OWNERS

Audience Quintiles



Audience quintiles represent media usage; bars represent import owners versus total population.

POINT/COUNTERPOINT

WHERE LIES THE BETTER BUY?

AGENCIES HAVE THE DEPTH

To place or not to place." A trite phrase that, for some unknown reason, seems to often occupy an advertiser's mind when it comes to developing and managing an advertising program.

While it is a popular opinion that efficiencies are often gained when an advertiser controls his own media planning and placement, is it really true? And are "efficiencies" the only important issue in making this decision?

Many advertisers take exception to the idea that media planning and placement "in-house" is a wise decision. Dell Computer Corporation currently utilizes its advertising agency for media planning and placement, but this decision was made with careful consideration. Dell recognizes the important role strategic media planning plays in the success of the total advertising program. It also recognizes that the responsibility for success rests equally with the advertising agency and Dell.

For this option to work to an advertiser's advantage, an agency must meet certain criteria. The agency must provide an environment that attracts talented, dedicated creative media professionals who consider media a career. The client, on the other hand, must provide an environment that encourages the media team's participation in the total marketing process.

Assuming that the agency provides the strong media leadership necessary, there are many reasons why the agency providing media planning and placement can be an advantage:

- A top-notch media department can be a crucial contributor to the overall marketing process. Through their ability to work hand-in-hand with the account and creative team in the development of brand positioning and strategy, new and innovative thinking is often brought to the total program.
- It has been proven many times that

the most "creative" ideas often originate within the media department. A level of synergy is achieved when the media, marketing and creative teams work together on a daily basis.

- The client is able to take advantage of the cross-learning that exists within a strong media department. A media department that is forward-thinking keeps their staff trained as the industry changes.

• It is also believed that the agency has the advantage of a more objective viewpoint than is often exhibited within a client's corporate structure. This happens only if the media understands the client's business and has an approved set of objectives and strategies against which media can be evaluated.

- The client can take advantage of an agency's clout in the marketplace as a result of their combined list of clients. An often "overplayed" advantage by agencies in term of rate negotiation, valid examples do exist and include other opportunities such as participation in client-shared market research.

• The client has the benefit of an entire media team. To duplicate a high-caliber media team and provide the necessary resources is often considered cost prohibitive to advertisers. Few are willing to recognize the need for it or are willing to make the necessary investment.

Of course, responsibility for success is shared by the agency and the advertiser. The agency must make a commitment to hire top-quality media professionals who have a passion for the business. A media department is only as good as the commitment it receives from upper agency management.

The client, on the other hand, cannot

abdicate responsibility to its agency. A partnership must exist and the client is responsible for providing an environment which encourages maximum contribution from its agency media department. The client should not only have a participatory role in the development of media objectives and strategies, but also encourage creativity and innovative thinking by being open-minded to the media recommendations.

The utilization of this philosophy does not mean that the advertiser loses control. The advertiser should demand and expect excellence and accountability in the development of a media program, select an agency which has made a commitment and can meet the challenge, and provide the environment necessary to encourage creative participation from the media department in the entire marketing process.

Mary Jane Lawhon is the advertising manager for the Dell Computer Corporation of Austin, Texas.



OUR READERS TELL US...

More than half of our most recent reports buying some media directly, though many say it's due to special considerations of specific plans.

1. Do you ever buy media directly rather than through your agency?

Yes 51.9%

No 48.1%

Base = 100

If "yes," is it because (check all that apply):

You have an in-house media buying service 34.1%

You can negotiate a better deal 34.1%

There is a mid-media aspect to the buy that requires your input, i.e., promotional buy 42.0%

THE BEST OF BOTH WORLDS

On the one side you have advertisers who swear by their agency's ability to buy their media. On the other, you have advertisers who do it mostly themselves. Both approaches have been documented as successful, both perfectly traditional.

Is there room in our media world for a non-traditional middle-ground approach? At Coors, as well as at several other consumer-goods companies, we believe there is.

It's referred to in many ways, but at its core is an attitude that both agencies and advertisers can work together cooperatively, rather than separately, to achieve intelligent, cost-effective media placements.

Here's how it works. A group of corporate-funded field marketing people, each with a very specific geographic territory, holds responsibility for planning and directing the placement of advertising dollars mini-mar-



ket by mini-market. That's because we divide the country into 600-plus pieces (virtually one for each of our wholesalers). This is accomplished by working individually with our wholesalers, each of whom's mini-market is different, based on business development, seasonality, demographic consumer profile, marketing budget, consumer media consumption habits, state laws and promotional opportunities.

Together with our agency buyers, we first find ways to assimilate corporate strategies with local market conditions. Once set, the buying group and our field personnel move promptly to negotiate schedules, rates and merchandising arrangements with stations.

All in all, it looks like we go to a lot of extra work, involving a lot of extra people (read: overhead cost). So why bother? In a word, results.

Having client-supplied experts in the

field traveling to markets regularly and working solely on our business is a whole step beyond traditional agency regional buying set-ups. Our people are able to pick up media and consumer trends and react to them fast. They are ideally positioned to integrate special creative or pursue unique local event sponsorships into our marketing efforts. Armed with a specific direction, our agency buyers exercise their keen sense of media value and media discipline by negotiating the basic schedules. Having been brought into the decision-making loop early, the agency obtains superior station effort, including close attention to our paid schedules and enthusiastic pursuit of our merchandising needs. Moreover, the agency handles all the critical paper flow, an area too often overlooked and underrated in its importance.

Remembering that the concept is to have people do what they do best, we think we have the best of both worlds in our media-placement efforts.

Mark A. Reiss is the director of media and field marketing at Adolph Coors Company.

1. If you buy direct to save money, is it ethical?	16.7%
2. If "no," is it because (check all that apply):	
You think it's unethical	6.0%
You don't want to handle unbidding	8.0%
You're worried about costs	46.0%
You believe agencies can do a better job	60.0%
You're discouraged by	8.0%
Other	24.0%
3. When you buy media directly, please answer the following questions.	
If you buy direct to save money, is it ethical?	55.7%
You save on the commission	55.7%

4. You feel you can negotiate a better CPM than your agency	16.5%
Other	13.0%
No answer	14.6%
5. When you buy direct, do you consult your agency?	
Yes	37.0%
No	55.6%
No answer	7.4%
6. When you buy direct, do you adjust your agency's compensation accordingly?	
Yes	37.0%
No	40.2%
No answer	16.7%
7. When you buy direct, from which budget does it come?	
An existing media budget	44.4%

An incremental budget	37.0%
Other	20.4%
No answer	3.7%
8. When you initiate a buy, do you follow through or does your agency?	
Follow through in-house	79.6%
Agency follows through	20.4%
9. Which media do you buy directly? (Check all that apply)	
Network tv	5.6%
Syndicated tv	5.6%
Cable tv	14.8%
Spot tv	20.4%
Magazines	77.8%
Newspapers	68.5%
Network radio	3.7%
Spot radio	29.6%
Outdoor	25.9%

ECONOMIC EYE

COUPONS CLIMB

According to the Manufacturers Coupon Control Center, a whopping 215.2 billion coupons were distributed by manufacturers last year. While those carried within product packaging had the highest redemption rate (14%), free-standing newspaper inserts tallied a respectable 3.6% redemption rate.

MAGAZINE AD SCORECARD	Ad Pages Nov. 1988	% change from Nov. 1987	Dollars spent (000)	% change from Nov. 1987
1. Skin Care, Creams, Lotions and Oils	202.32	-1.9%	\$ 7,545.9	+9.0%
2. Lip and Eye Beauty Products	139.71	+10.3	4,564.5	-4.4
3. Scents and Fragrances	314.69	+50.4	9,155.0	+54.8
4. Facial Makeup Products	150.45	+16.6	5,896.0	+30.2
5. Prepared Dinners and Entrees (including Pizza)	26.06	-13.3	1,424.0	-39.1
6. Liquor	423.27	-3.2	17,958.6	-3.7
7. Cigarettes	649.96	+7.7	37,674.3	+20.8
8. Soaps and Detergents	27.17	-53.3	1,528.5	-55.9
9. Passenger Cars, Domestic	416.02	+29.8	25,344.8	+18.5
10. Passenger Cars, Imported	570.71	+65.5	32,200.4	+75.5

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1988

	Jan.	% change	Feb.	% change	March	% change	April	% change	May	% change	June	% change	July	% change	Aug.	% change
Network TV																
Daytime	92	0	80	-7	82	-7	78	-15	76	-18	73	-22	81	-17	73	-14
Nighttime	112	+5	148	+41	113	+13	99	-10	110	-0	122	+8	110	+0.3	118	+4
Spot TV																
Prime time	128	-1	130	-2	115	-12	125	-9	126	-8	125	-4	-	-	125	-8
Daytime	123	-5	108	-12	98	-9	95	-16	103	-13	93	-10	-	-	100	-14
Network radio	147	+6	129	-7	121	-4	116	+0	116	+2	116	+2	102	-0.5	111	+6
Spot radio			106	+3					101	+3						
Consumer magazines	114	+5	115	+5	115	+4	115	+5	115	+5	115	+5	115	+5	114	+5
Natl. Sunday mags	117	+13	116	+13	116	+13	116	+13	116	+13	116	+13	116	+13	128	+14
Business publications	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5
Newspapers	124	+7	124	+7	124	+7	124	+7	124	+7	124	+7	124	+7	124	+7
Outdoor	123	+11	123	+11	123	+11	123	+8	123	+8	123	+8	123	+8	123	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 46 publications representing 42 business and professional classifications.

INDUSTRY OUTLOOKS '89: WHERE THE AD MONEY WILL GO

C2950-3
2/14/89

MARKETING & MEDIA DECISIONS

JANUARY 1989 • \$4.00

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0711 00161861 41 93 000000
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CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814
B168
B001
**

SYNDICATION WHAT ADVERTISERS WANT

Promises made, promises paid?
Advertisers feel syndication has let
them down. Leo Burnett's Dick Hobbs
(center), with clients Kraft and Seven-Up,
is taking a hard look at banner.

MARKETING & MEDIA DECISIONS

COVER STORY

SYNDICATION:

WHAT ADVERTISERS WANT 30

If syndicators expect barter to better its position among media buys, they should start listening to national advertisers. What they'll hear is a lot of grumbling and a list of grievances that must be dealt with before they'll see any substantially increased investments. This month, our overview asks those with buying power to speak up.

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In this first look at the year ahead, *Decisions* surveys analysts, economists, national advertisers and ad agencies regarding the outlook for ten major categories of advertising. In general, the mood is guarded, and plans remain centered on the short term and the quick fix. But while caution rules, some of the projections on spending are fairly bullish. Welcome to the new year.

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The car had everything going for it — a strong parent, a big agency, rave reviews and a pricing advantage against the competition. So why was the Merkur such a sales disaster?

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Your little agency has just won a huge account. Hurray — you hope. A lot depends on whether you can get your media department into gear to handle the accelerated pace.

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Readers take issue with our issues on Hispanic tv and today's media planners.

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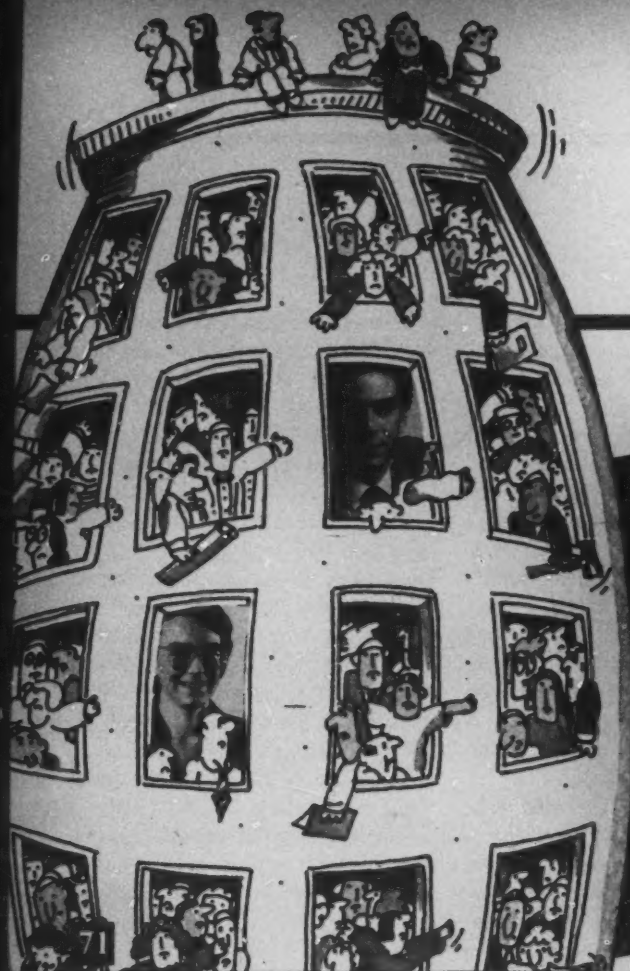
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Interactive executions that involve the reader are more expensive than ever. They are also more widely used, sometimes at the expense of traditional print budgets.

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Several cable companies are positioning themselves to go head-to-head with satellites as they expand their presence overseas. Agencies and advertisers have mixed reactions.





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While the industry does its best to douse such efforts, it seems more likely than ever that liquor advertising will be seriously curtailed this year.

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The Summer Olympics of 1988 offer a case study of what can go wrong with

a sure thing. But 1992 should be a happier story.

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A bit of playback and then fast forward as VCRs are factored into the television ad buy.

PLANNING Michael Gross 84

Irreverence aside, here one planner's ten commandments of media planning.

Cover subjects, left to right: Kathy Greif, Leo Burnett; Stephen Rutledge, Kraft; Cassandra Reese, Kraft; Dick Hobbs, Leo Burnett; Nick Luciano, Seven-Up. Photo by Terry Lee/Black Star.

SYNDICATION

WHAT ADVERTISERS WANT

After a decade of explosive growth, questionable practices are causing advertisers to reconsider their commitment to the barter business.

by Joe Mandese

As they packed their bags for the National Association of Television Program Executives conference in Houston this month, major tv advertisers implied that, despite the remarkable growth of the \$1 billion barter business, all is not well with their syndication buys. Their mood seems to range from exasperation to outright truculence. What's wrong? For starters, clients are unhappy over the ratings of barter shows, the wide discrepancy between projected and actual audience delivery and the overall quality of syndicated programming.

"Syndicators are missing a great opportunity," exclaims Mobil Oil media executive Paul Gerkin. "They have a chance to get a leg up on the networks in terms of putting on some really good first-run material, and I don't mean another game show and I don't mean reruns. And they're not really doing it." He continues, "They're not living up to their promise of a few years ago. Why aren't they developing more things like Operation Primetime? [A series of network-quality miniseries produced for first-run syndication by Television Program Enterprises.] There are opportunities in the market-

place, and if they don't take advantage of them, cable will."

Indeed, Campbell Soup director of media services George Mahrliig maintains that his company, a significant syndication player, is reviewing its commitment to the medium. "We're coming to the conclusion that the bottom of the syndication pile isn't worth buying, and the top is overpriced," he says. "The top shows are priced like network, so why not buy network tv, which has one-third less commercial clutter?" he asks. "If things don't shape up," he warns, "we will reduce our syndie budget significantly."

In response, syndicators argue that their medium still is being underutilized by national advertisers in proportion to their share of national tv viewing. "Right now, the national tv marketplace is valued at \$10 billion-\$11 billion," figures Brian Byrne, president of International Advertising Sales, a barter rep firm, and the executive director of the Advertiser Syndicated Television Association. "The networks represent only 65% of the viewing in that marketplace and therefore should be taking in somewhere between \$6.5 billion and \$7 billion," points out Byrne. "First-run barter syndication represents about 26% of the viewing, and ad-supported cable

networks represent another 9%-10%. That means we should be taking in \$2.6 billion, but advertisers continue to put a greater demand against network inventory than what it actually represents in terms of their viewing share," he complains.

However, Leo Burnett senior vice president and media director Dick Hobbs, who represents the biggest syndication budget (nearly \$250 million), says there are aspects to barter programming, distribution and sales practices that still dictate a discount over network CPMs. "From our clients' standpoint, we have very little interest in syndication if the price is the same as network, because syndication inherently has problems," he states. As he sees it, barter syndication "doesn't clear as many markets as network, and the ratings vary more by market than network does. On average, the program quality is not as good as network. And most of the programs clear on different days and different times in each market," he explains. Therefore, in Hobbs' opinion, "if it got to the point where the prices were very close to network, we would not buy it."

ADAM CHINITZ



Most buyers agree with Hobbs that while syndication has become an important tool, it will remain so only as long as it meets their buying parameters, including pricing. The following are specific areas advertisers would like to see improved, maintained or developed to keep syndication in good stead with their media plans.

REALISTIC GUARANTEES

No. 1 on virtually every advertiser's syndication wish list is the desire for more realistic audience estimates and guarantees for new and returning programs. "It's my pet peeve with syndication," declares Pillsbury media

director Greg Lincoln. "We typically see 30%-40% shortfalls on shows, whether they are new or established, versus the guarantees the sellers are estimating. I understand why they are doing it," continues Lincoln. "They're doing it because if a show takes off, they're protected for their income on the high side. On the other hand, we the advertisers are getting screwed 90% of the time."

Although syndicators provide "make-good" spots or rebate cash to buyers for the audience underdelivery, advertisers complain that it plays havoc with their media plans. They say that frequently, the audience deficiency

Campbell's Mahrlig (left) and BBDO's Blasius liken the chances of new shows to the title of Buena Vista's game show Win, Lose or Draw.

units are not available in the quarter or during the flight that the buyer needs to achieve their marketing objectives. "It's compromising the integrity of our advertising plans and our ability to sell product," charges Lincoln.

"We're not making syndication deals to get cash back," concurs Campbell's Mahrlig. "We wouldn't give them the money in the first place if we didn't want to reach the audience

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they promised."

Mahrlig says Campbell's has actually offered to pay more for "realistic" audience projections. "I would be willing to take something like 1%-2% of our corporate dollars and put them aside to cover the 10% upside potential that one in ten of the shows is going to be a hit," explains Mahrlig. But he notes, "None of the syndicators want to give it up."

While buyers have learned to live with inflated audience projections, they say the games they have to play to protect themselves diminish the credibility of syndication buys. Since many of the barter reps are obliged by their licensing contracts with program producers to sell shows at overly optimistic ratings levels, they normally will work with buyers to build caveats into deals to protect them from audience shortfalls. The most common ploy is "recapturable units," which are bonus spots above the buyer's ratings goals

that are used in the event of underdelivery. If the show makes or better its ratings guarantee, the syndicator recaptures the units and sells them off in the scatter market. —

Other advertisers simply factor in the audience delivery and buy more units than they actually

need. If the show makes its ratings targets, the buyers exercise cancellation options.

Agencies charge that such practices actually discourage clients from buying syndication. "What you end up with is a basketfull of make-goods or credits," notes DDB Needham senior vice president and director of national radio and television programming Bart McHugh. "Then your next flight comes along and the client says, 'What do I have to buy anything for? I've got all these make-goods. Let's just use those,'" explains McHugh.

BETTER RATINGS REPORTING

Exacerbating the audience guarantee problem is the fact that accurate information on audience delivery has been coming in late — often after the quarter that a syndicated buy was made for — making it difficult for agencies to post buys and negotiate audience deficiency units when they are needed. "We'd like to see if there is some way that syndicators can provide more timely ratings information," hopes Charles Lamphear, media director of Heinz.

"The damn stewardship of our buys has become such a pain because we don't know what we're getting," agrees Dan Riordan, broadcast manager of Lever Brothers. "We don't know if we're short or if we're on target." This is also a problem for Ogilvy & Mather's Alice Greenberg. "The major problem is the length of time that it takes for us to get some decent information," she says.

According to Greenberg, O&M's senior vice president and director of network negotiation, syndication buys ideally should take about two weeks to post once the ratings are reported. However, she says that there were cases during 1988 that took as long as nine months because of faulty ratings data. "That's real tough to report to the client," she moans.

While Nielsen accepts some blame for the lag in ratings reporting, the company attributes the situation to a combination of outside factors. These include inconsistent programming schedules during the fourth-quarter due to the Olympics, elections and tv writers strike, as well as special analysis and reprocessing requests from syndicators.

Nielsen must check each program clearance in the station lineups of syndicated shows for conflicts. (Frequently, more than one show claims credit for clearing the same station at the same time.) In a normal programming week, Nielsen says it must check 9,000 conflicts, but because of the unusual program scheduling situation last fall, it averaged about 20,000 conflicts each week.

Moreover, almost half of all syndicated buys include "with spot ratings"

— additional spots that do not appear in the show syndicated — which require special analyses by Nielsen. Normally such reports are available two to three weeks after the weekly syndicated ratings pocketpiece hits the street, but they also have been delayed.

BIGGER RATINGS

"Our clients are getting tired of the 2- and 3-rated shows," declares Foote, Cone & Belding vice president and group supervisor David Lerner. Lerner points out that while the top syndicated shows still command high ratings, the average ratings of such programs has slipped significantly over the last few years due to increased competition.

Indeed, according to an ABC tv network analysis, the average household rating for syndicated shows has declined 16%, from a 3.7 in 1982-83 to a 3.1 in 1987-88. With the exception of *Jeopardy* and *People's Court*, all of the top-ten syndicated shows declined in ratings. Moreover, ABC finds that unlike network shows, ratings for syndicated shows fluctuate dramatically by market. *Jeopardy*, for instance, averaged a 20 rating in Cleveland and Detroit, but a 6 rating in Atlanta, Houston and San Francisco during the November 1987 and February and May 1988 sweeps.

BETTER LINEUPS

The declining and fluctuating ratings are due, in part, to poor station lineups for some syndicated shows. Because many of the good time slots are already occupied on the better stations, new shows often are cleared in poor time periods on strong stations, or in good time periods on weak stations.

"A syndicator may put Philadelphia on their lineup, but when you really go in and look at it, the station isn't even



Mobil's Gerkin believes syndicators are missing the boat.



O&M's Greenberg: Long delays in syndie post-buys are unacceptable.

COVER STORY

in Philadelphia," notes Griffin Bacal senior vice president/director of media, marketing and programing services Lorretta Volpe. "The station may be in Camden, N.J., but they list it as Philadelphia because it spills into the market. So, unless you really scrutinize the clearance list, you could get hurt."

BROADER DEMOGRAPHIC APPEAL

Aside from bigger and more accurate ratings, advertisers say they would like to see syndication alternatives that appeal to broader audience segments. While many syndicated shows have strong appeal for some key segments like adult women and kids, others are virtually overlooked by syndicators.

"About 95% of the syndicated properties that are out there are not right for us," says AT&T corporate broadcast manager Doug Ritter, noting that his telecommunications company is seeking shows that appeal to upscale professional males. "Things like the *National Geographic* specials tend to work well for us," he continues. "I find it hard to believe that there isn't a market for these types of shows, because if you take us and IBM and Xerox and a whole host of other folks after the same target groups, why not choose syndication? I have to believe that the syndicators must have determined a long time ago to neglect our market."

BROADER DAYPART DEVELOPMENT

Buyers say they would like to see stronger latenight product to compete with the spiraling costs of the network daypart. "We think it is a daypart that seems to be in need, and there doesn't seem to be as much quality programing as there should be," feels Bob McPhee, senior media buyer of Thomas J. Lipton Co.

More and better latenight alternatives are on the wish list at Pillsbury too, says Greg Lincoln. "We'd like to see latenight programs that are not 'slasher' movies or tasteless comedies, because the network latenight market is out of control in terms of pricing," he adds.

INNOVATIVE PROGRAMING

"There are too many shows of the same type," bemoans Richard Pike, director of advertising services of Beatrice Hunt-Wesson. "If someone comes out with a successful concept, everyone jumps on it. For a while, it was game shows. I think there is a need for more innovative thinking, both in terms of the types of programs and maybe in the way they market them to stations."

"We've had two NATPEs in a row that were mediocre," charges FCB's Lerner. "There were no breakthroughs or standout programs, and the new sea-



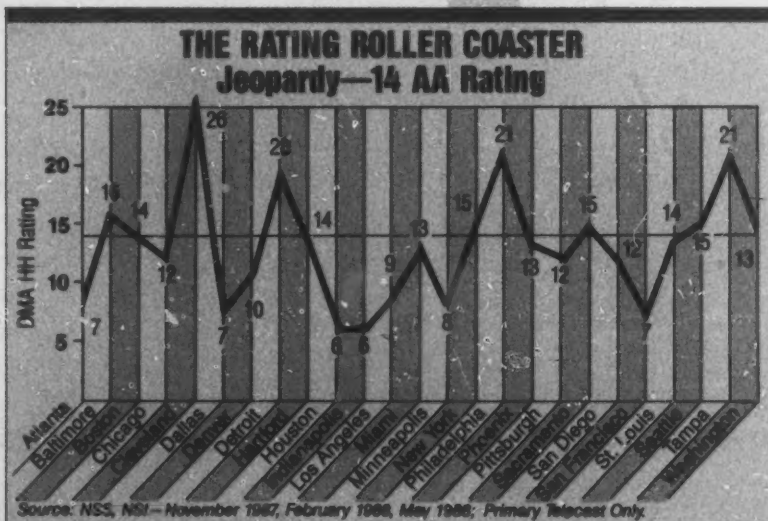
FCB's Lerner says clients are getting tired of "2- and 3-rated shows."

son hasn't produced any new hits. The excuses were given that all the good time periods were encumbered, so people were going to lay low and wait. Well," notes a frustrated Lerner, "a year or two has gone by, and we still haven't seen or heard of anything dynamic coming out."

BETTER ENVIRONMENTS

While advertisers would like to see new breakthrough programing offered by syndicators, they caution that it should be a wholesome environment for their advertising messages. "The proliferation of the tabloid journalism type shows is a concern of ours, and we hope that there will be a lot less of that this year," states Bob Bolte, Clorox's director of media services. However, the hopes of advertisers like Clorox will likely be dashed, judging by the program development information announced to date by syndicators.

"Unfortunately, what is being introduced by the bigger firms are the tabloid-tv type shows," notes BBDO's vice president and associate director of network programing, Larry Blasius. He adds, "That's unfortunate, because a lot of clients can't get near stuff like that. The shows may draw good ratings, but if the content isn't right, it doesn't count."



COVER STORY

LESS CLUTTER

Aside from the program environment, advertisers say they are concerned with state of the commercial environment in syndicated shows. "The creeping rise of commercialization is a major concern of ours," underlines Clorox's Bolte. "Off-network situation comedies have as many as seven :60s in them, whereas when they are on network, they have only three."

According to ABC's analysis, half-hour syndicated shows like *Wheel of Fortune* and *Jeopardy* carried seven minutes and ten seconds and seven minutes and 30 seconds, respectively, of commercial time, whereas ABC half-hour prime-time shows average only four minutes and 30 seconds. Hour-long shows like *Oprah Winfrey* and *Star Trek: The Next Generation* had 14 and 12 commercial minutes, respectively, while ABC prime-time hours average only nine.

THE COMMERCIAL OVERLOAD Ad Time, Syndication vs. ABC

Per half hour:	# Commercial Minutes			
	National	Local	PCAs*	Total
<i>Wheel of Fortune</i>	1:00	5:30	:40	7:10
<i>Jeopardy</i>	1:00	5:30	:60	7:30
ABC Prime-Time Half Hour	3:30	1:00	-	4:30
Per hour:	# Commercial Minutes			
	National	Local	PCAs*	Total
<i>Wheel</i>	2:00	12:00	-	14:00
<i>Star Trek</i>	7:00	5:00	-	12:00
ABC Prime-Time Hour	7:00	2:00	-	9:00

Source: ABC Network; *Promotional consideration announcements.

ENTITLEMENT OPPORTUNITIES

To help break through the rampant commercial clutter, some buyers would like to see more opportunities to associate themselves as sponsors of shows. "The prime reason that we use syndication is so that we can have a sponsorship in the show and become very visible, which is something that you can't really do with network,"

says Christopher Wackman, director of advertising for Subaru of North America.

According to Wackman, network packages often are too expensive for advertisers to buy into. "With syndication, we are able to develop an event that is an entertaining show for the public but also meets our needs by giving us something more than just a 30-second commercial," explains Wackman. Although Subaru has been successful in developing several syndicated sporting events through GGP/GGP Sports, Wackman says there is a paucity of such opportunities relative to the demand.

MERCHANDISING OPPORTUNITIES

Since syndication often is bought for efficiency reasons, few of the shows offer merchandising opportunities that tie the sponsor closer to the program. Game shows occasionally plug prod-

BARTER'S BREAKOUT

ACCESS

Program	Distributor	Terms
<i>Beche</i>	Viacom	Cash-plus barter
<i>5-4-3-2-Run</i>	D.L. Taffner/Ltd.	Barter
<i>Inside Edition</i>	King World	Barter
<i>Lassie</i>	MCA TV	Barter
<i>Make Your Move</i>	Worldvision	Cash-plus barter
<i>National Lost and Found</i>	Qintex	Barter
<i>\$Rewards</i>	MCA TV	Cash-plus barter
<i>Star*Play</i>	MCA TV	Cash-plus barter
<i>The Joan Rivers Show</i>	Tribune Entertainment	Cash-plus barter

FRINGE

Program	Distributor	Terms
<i>American Gladiators</i>	Samuel Goldwyn	Barter
<i>Celebrity Secrets</i>	Casablanca IV	Cash-plus barter
<i>Crime Diaries</i>	Qintex	Barter
<i>Eye Q</i>	Palladium Entertainment	Cash-plus barter
<i>Jackpot!</i>	Palladium Entertainment	Cash-plus barter
<i>Roller Games</i>	Qintex	Barter
<i>The Kenny Rogers Show</i>	Barris Program Sales	Cash-plus barter
<i>The Super Mario Brothers "Super" Show</i>	Viacom	Barter

MISCELLANEOUS

Program	Distributor	Terms
<i>After Hours (latenight)</i>	Worldvision	Barter
<i>Phictionary (TBA)</i>	Quantum Media Inc.	Barter
<i>The Beverly Hills Show (TBA)</i>	GTG	Cash-plus barter
<i>The New Archies (Weekends)</i>	Claster Television	Barter
<i>Trial By Jury (TBA)</i>	Viacom	Cash-plus barter

COVER STORY

ucts in program, but with the networks talking up an array of value-added concepts, buyers think syndicators will have to follow suit.

"Merchandising has become more important to the mix," notes FCB's Lerner. He suggests, "Maybe it's time to begin using stars to make public appearances for sponsors."

Lever Bros.' Riordan believes such developments will soon become a factor for the top syndicated shows, which are commanding close to network prices, "because they are less of a tonnage buy than the lower-rated shows."

Worldvision, meanwhile, plans to introduce an undisclosed "advertiser-intensive" show at NATPE that would be loaded with such opportunities. According to Worldvision senior vice president of marketing Gary Montanus, the show, a weekly magazine format, will be identified with a primary sponsor and will have program segments structured around different

advertisers. The firm also plans to market a videocassette spin-off of the show that would also promote the sponsors.

IMPROVED SALESMANSHIP

While there are a host of other, lesser advertiser issues, the biggest area of concern voiced by buyers is the lack of "professionalism" by some barter-sales organizations.

"A lot of times the salespeople don't even know their product," notes one client. "I mean, some of these guys will walk in your door, and the first thing out of their mouth is that he'll give you a 14 rating guarantee. Well, so what? That should be the last thing he discusses. They should be talking about the concept of the shows and how they are being positioned in the marketplace and why it will work for you as an advertiser."

Gillette media director Tom Lux, on the other hand, is concerned by the treatment that long-term upfront buyers

get from barter reps. "I'd like to see syndicators begin honoring their charter advertisers," he says, emphasizing, "If you're a charter advertiser on a program, you should expect some special rights when you renew the following year."

Concurs Bobhot Communications executive vice president of entertainment Shelly Hirsch, "There should be a certain benefit to those advertisers who commit long-term on a multiple-quarter basis." But he adds, "People who come into the syndication market on a scatter basis get the same guarantees." In his view, "Why should they get the same benefit for short flights as the guy who puts his money down for the long haul? If the syndicators continue to do business this way, they're going to drive people away from buying syndication upfront." ■

Stay tuned for part two: The syndicators respond.



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(Source: S&MM, 1988 Survey of Buying Power)

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Highlights, as of June, 1987, of our business readers include:

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- 62.6% IRS's or KEOGH's
- 44.1% other pension plans
- 43.3% mutual funds
- 40.0% Money market funds
- 39.3% U.S. savings bonds
- 34.1% C.D.'s
- 4.1% U.S. treasury notes

79.3% Have purchasing influence/make purchasing decisions for their firms

For additional information concerning Kiwanis, KIWANIS magazine, and this unique, quality audience of top executives, small-business, professional, and community leaders, please write or call:

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Indianapolis, IN 46268-3196
Attention: Pat Hatcher, Advertising Director
Phone: 1-800-445-3925
In Indiana: 1-800-638-7436
or 1-317-875-8755
TELEX: TXW 810-341-3471
FAX: 317-879-0204

Source for all statistical data: A.C.M.S., 6/87
Subscriber Study Report.

The Biggest Spenders

BAR/LNA MULTI-MEDIA SERVICE RANKING REPORT/PARENT COMPANIES RANKED ON: 1987/1988 9-MEDIA TOTAL JULY-JUNE 1987/1988

		9-Media Total \$ (000)	Bar Network Television \$ (000)	Bar Spot Television \$ (000)	Bar Syndicated Television \$ (000)	Bar Cable TV Networks \$ (000)	Bar Network Radio \$ (000)	LNA Magazines \$ (000)	LNA Newspaper Supplements \$ (000)	Media Records Newspapers \$ (000)	LNA Outdoor \$ (000)
<i>Alcoholic Beverages</i>	Total	1,168,190.5	500,176.2	253,729.7	29,341.1	38,809.5	21,697.0	215,755.5	9,212.6	35,344.9	64,124.0
Rank	Parent Company										
1	Anheuser-Busch Cos. Inc.	338,545.2	192,526.4	71,431.1	7,117.5	21,035.9	19,302.7	11,453.2	12.3	8,631.2	7,034.9
2	Philip Morris Companies Inc.	179,421.9	124,048.1	36,390.8	1,147.4	6,212.6	--	2,363.0	--	6,010.5	3,249.5
3	Coors Adolph Co.	100,044.1	49,857.2	36,398.6	3,867.6	3,011.3	8.4	2,261.5	--	1,325.6	3,313.9
4	Seagram Co. Ltd.	71,404.6	21,159.6	1,019.4	3,289.9	200.5	203.1	29,430.8	1,425.7	3,264.5	11,411.1
5	Grand Metropolitan PLC	65,585.5	--	5,124.7	--	275.6	--	48,333.3	2,474.8	3,268.8	6,108.3
<i>Apparel</i>	Total*	434,336.2	123,433.1	41,071.9	9,822.5	11,480.1	3,010.7	220,624.8	12,830.8	8,373.7	3,688.6
Rank	Parent Company										
1	Sara Lee Corp.	78,907.4	45,527.2	1,133.6	1,941.9	1,340.0	2,383.5	25,537.1	358.3	663.1	12.7
2	Levi Strauss Associates Inc.	38,111.5	16,432.6	6,594.0	3,184.2	4,202.6	617.2	6,997.7	--	44.3	38.9
3	VF Corp.	29,484.7	15,434.0	3,784.4	231.0	603.3	--	9,082.8	71.1	99.3	188.8
4	Farley Industries	22,361.3	14,886.3	1,989.6	1,293.1	1,086.5	--	2,945.1	218.0	153.0	29.7
5	Wickes Cos. Inc.	13,280.7	9,421.1	205.2	1,172.3	369.3	--	1,774.0	46.9	289.3	22.0
<i>Automobiles</i>	Total	3,461,690.0	1,057,524.6	1,193,086.5	27,529.2	41,518.7	42,094.8	671,308.8	15,711.2	400,652.1	12,254.1
Rank	Parent Company										
1	General Motors Corp.	708,261.3	274,070.3	136,498.2	5,612.4	6,687.4	17,626.6	158,161.0	7,452.8	99,497.7	2,656.9
2	Chrysler Corp.	375,850.2	171,558.0	43,139.5	2,439.7	9,215.7	10,236.5	110,454.5	4,635.7	22,302.5	1,888.5
3	Ford Motor Co.	365,684.8	165,647.2	49,865.7	5,774.3	5,019.9	5,148.0	112,449.6	42.8	19,739.1	1,998.2
4	General Motors Corp. Dealers Assn.	175,238.3	--	159,172.2	--	--	--	18.7	--	16,005.8	41.6
5	Toyota Motor Corp.	162,243.6	60,035.2	56,052.8	6,638.8	2,245.1	2,301.6	27,629.7	589.6	5,315.3	1,435.7
<i>Business Equipment</i>	Total	470,955.6	152,572.0	26,869.8	1,086.0	6,981.1	16,082.6	221,963.2	2,594.4	50,832.2	1,943.5
Rank	Parent Company										
1	International Business Machines Corp.	108,207.0	52,901.8	1,973.4	--	318.5	4,739.0	29,665.6	1,725.9	16,829.4	33.6
2	Apple Computer Inc.	44,330.7	23,456.7	2,687.5	380.2	--	--	8,234.2	117.5	9,467.4	27.2
3	Xerox Corp.	32,622.7	14,175.9	5,614.0	--	408.6	--	10,380.7	35.4	1,990.2	17.9
4	Tandy Corp.	26,724.5	19,054.5	9.5	--	445.4	68.7	6,988.5	84.2	92.7	--
5	Canon Inc.	25,077.9	6,400.4	773.7	--	296.4	--	15,397.9	124.0	1,979.4	106.1

		9-Media Total \$ (000)	Bar Network \$ (000)	Bar Spot Television \$ (000)	Bar Syndicated Television \$ (000)	Bar Cable TV Networks \$ (000)	Bar Network Radio \$ (000)	LNA Magazines \$ (000)	LNA Newspaper Supplements \$ (000)	Media Records Newspapers \$ (000)	LNA Outdoor \$ (000)
Cigarettes Total*		616,556.1	743.0	7,272.5	646.6	677.3	2,893.5	328,033.2	32,654.8	68,065.6	175,589.4
Rank	Parent Company										
1	Philip Morris Companies Inc.	264,439.3	--	--	--	2.2	--	168,467.5	10,423.3	37,899.2	47,647.1
2	RJR Nabisco Inc.	164,582.6	--	--	13.2	--	--	89,073.8	7,733.8	8,821.1	58,950.9
3	B&W Industries PLC	60,188.1	--	11.1	--	--	--	25,662.9	2,897.9	11,194.0	20,422.2
4	Loews Corp.	56,608.5	--	--	--	--	--	15,610.9	7,900.0	3,402.1	29,695.5
5	American Brands Inc.	37,350.4	--	--	--	--	--	17,308.1	2,560.1	4,933.8	12,550.4
Cosmetics Total		1,896,939.1	881,954.6	266,522.6	124,102.2	57,371.6	23,009.2	497,615.3	19,789.9	24,309.0	2,264.7
Rank	Parent Company										
1	Procter & Gamble Co.	286,610.3	122,899.1	85,276.3	18,000.3	11,555.5	3,194.1	42,830.2	283.4	2,516.0	55.4
2	Unilever NV	109,526.3	53,532.5	10,959.1	9,852.4	1,629.9	4,108.8	27,798.8	--	1,611.5	33.3
3	Bristol-Myers Co.	100,632.6	44,645.0	3,159.6	16,809.3	1,699.7	--	32,625.3	--	1,693.7	--
4	Cosmair Inc.	84,830.6	32,568.4	18,977.9	210.9	10.1	801.1	31,149.3	963.9	139.9	9.1
5	Revlon Group Inc.	84,803.0	33,732.4	4,084.9	4,082.8	79.3	702.3	38,182.7	2,872.1	1,066.5	--
Drugs Total		1,422,179.1	776,231.5	239,520.9	81,437.4	43,519.9	76,161.8	143,472.1	7,474.5	51,646.4	2,714.6
Rank	Parent Company										
1	Johnson & Johnson	158,526.5	119,074.9	6,028.3	11,198.7	2,292.0	--	16,644.5	1,304.4	1,908.3	75.4
2	American Home Products Corp.	140,144.0	112,306.1	9,246.5	884.7	4,415.9	4,034.3	7,153.8	69.6	2,033.1	--
3	Procter & Gamble Co.	108,666.2	43,688.3	27,293.1	8,966.5	5,690.8	12,893.5	8,688.2	--	1,336.8	79.0
4	Bristol-Myers Co.	89,164.8	63,885.4	4,876.8	11,701.4	3,368.7	--	4,135.2	--	1,197.3	--
5	Werner-Lambert Co.	83,758.1	44,982.7	16,773.2	4,738.9	1,271.2	7,032.1	6,999.3	1,064.5	894.1	2.1
Financial Services Total		1,112,254.6	250,441.7	217,356.0	8,102.0	18,449.3	24,255.5	167,822.1	9,610.2	392,798.8	23,419.0
Rank	Parent Company										
1	American Express Co.	150,287.8	64,818.1	27,551.2	2,711.9	2,048.8	4,138.5	24,369.4	2,186.6	22,435.9	27.4
2	Citicorp	76,552.8	25,298.2	21,905.0	175.2	1,007.9	1,310.0	12,460.5	131.8	14,119.7	144.5
3	Sears Roebuck & Co.	46,585.4	26,782.8	3,331.4	1,150.1	1,374.2	9,015.3	3,235.8	--	1,643.1	52.7
4	Merrill Lynch & Co. Inc.	43,571.9	31,039.6	50.1	--	311.2	--	6,395.3	620.0	5,130.1	25.6
5	Mastercard International Inc.	32,440.6	20,367.5	1,983.7	--	468.7	--	6,600.5	2,463.2	504.0	43.0
Prepared Foods Total		1,224,440.1	646,460.9	332,707.8	65,724.5	30,336.7	22,810.4	78,302.6	5,237.7	42,082.6	746.9
Rank	Parent Company										
1	Kellogg Co.	341,972.9	259,391.3	50,379.1	16,097.4	4,187.5	--	4,899.4	92.4	6,925.8	--
2	General Mills Inc.	222,399.1	87,082.8	100,113.7	3,748.7	11,884.5	2,743.3	8,179.1	--	8,637.0	--
3	Philip Morris Companies Inc.	120,164.3	66,805.8	18,849.9	18,435.7	4,782.3	1,214.8	7,417.4	611.4	1,998.7	48.3
4	Campbell Soup Co.	91,123.1	45,864.6	14,347.4	4,421.4	1,680.3	10,613.2	10,705.0	242.0	2,181.6	367.6
5	Quaker Oats Co.	68,011.6	34,367.3	14,488.3	6,667.7	758.5	--	8,671.1	765.7	2,258.5	4.5
Travel Total		1,552,349.7	176,976.2	265,269.6	1,783.8	17,672.3	32,650.7	272,738.6	22,167.6	713,518.1	49,574.8
Rank	Parent Company										
1	AMR Corp.	85,528.6	29,443.3	17,851.3	--	810.3	1,145.6	6,441.3	147.8	29,505.3	183.7
2	Texas Air Corp.	83,644.4	13.0	11,194.1	--	160.4	--	2,506.9	210.7	67,782.2	1,705.1
3	UAL Corp.	60,915.5	28,331.5	9,087.0	--	1,735.8	2,833.5	8,462.2	110.2	10,292.2	63.1
4	Delta Air Lines Inc.	59,357.2	20,178.0	11,313.4	--	2,297.4	--	1,067.2	--	23,211.3	1,289.3
5	Holiday Corp.	49,967.9	21,053.8	2,782.8	--	1,416.2	10.9	4,036.6	21.6	15,631.4	5,014.6

Note: Bar Cable TV Media data was added to the data base in 1985, Bar Syndicated TV in 1986 and Media Records Newspapers in 1987.

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*Note: Less Procter & Gamble and Kimberly-Clark disposable diapers.

*Note: Includes tobacco products and accessories.

Alcoholic Beverages

by Anitra Brown

The drug bill passed by Congress requires drunk driving and fetal alcohol syndrome warnings on every container of beer, wine and spirits sold in the country effective this November. It is the latest blow to the beleaguered alcoholic beverage industry, which is struggling with lower demand and more regulation. Marketers fear the next step will be warnings in all advertising — or even a ban on broadcast for beer and wine (see "On the Docket," pg. 100).

With a few exceptions, the volume end of the business with big ad budgets is in trouble. The bright spots are in small, high-quality products — varietal wines, single-malt Scotch and micro-brews.

Domestic brewers are still looking for the way to stem Anheuser-Busch's growing share of the beer market. Imported beers have flattened as yesterday's Mexican superstar, Corona, heads back south. Coolers are the biggest disaster, while spirits marketers are struggling with dramatically changing drinking patterns that erode a few percentage points off the business every year. The jug wine market is also struggling with lower demand. California varietals — particularly white zinfandel and chardonnay — are having a field day, but receive little ad support.

With this environment, total ad expenditures on alcoholic beverages will be down in 1989. The biggest cuts are coming in coolers, whose nosedive has stunned the industry. Cooler spending peaked at \$151 million in 1986, according to *Impact Databank*. It was about half that in 1988, and marketers are looking for another 50% slash in 1989. Marginal brands have been driven from the marketplace; also-rans can't support big budgets anymore; and the survivors — Seagrams and Gallo's Bartles & Jaymes — are looking to improve their profits. The biggest cuts will be in expensive network buys.

One interesting exception is Miller's Matilda Bay. That brand is spending disproportionately to its volume, with an eye on capturing the number three spot.

The beer market has been gaining share of alcoholic beverage expenditures, growing from 47% in 1980 to a 65% share currently. Beer has the volume to support big ad bucks (around \$850 million), but the market is drying up and ad spending is expected to follow.

Look for Budweiser to press its advantage and fatten its \$350 million-plus budget. Number-two Miller is likely to be down slightly from the \$200 million level. Coors, the

third-largest spender (but fifth in volume), completed its national rollout, so spending will be lighter.

New products have been getting attention, so look for more support behind Miller's Genuine Draft. Japanese-inspired dry beers are still an unknown quantity.

Overall, network tv will gain share of beer advertisers' budget, nudging towards a 50% share of medium. Sports programming will continue to be the favored format.

Distilled spirits' share of ad expenditures has shrunk dramatically in the eighties, from 38% in 1980 to less than 20% today. Expenditures have dropped from \$386 million in 1982 to less than \$250 million today. Further cuts of 5%-7% are expected in 1989.

The industry has gone through a painful period of mergers, and those left are trimming their portfolios to concentrate on profitable, premium brands. Witness Seagram's jettisoning 25 "non-premium" brands, such as Nikolai vodka and Four Roses whiskey.

An exception to this mood of austerity exists at Carillon Importers, whose Absolut vodka is setting new ad standards. The low cost of producing vodka compared to aged whiskies and Absolut's high price helps.

With broadcast off limits, magazines have the lion's share of spirits budgets — well over two-thirds. Magazines will continue to gain at newspapers' expense as marketers concentrate on image-building and reduce the couponing efforts that have given some revenue to the dailies.

Spending on wine has dropped in the eighties along with consumption. Now the only one really anteing up is vertically integrated Gallo, which spends roughly \$30 million on its wines every year. Television, both network and spot, gets almost all the budget at holiday times. This year, Gallo will probably give extra support to its varietal wines, the fastest growing, most profitable segment of the California wine industry.

The other major jug wines — Taylor California Cellars, Almaden and Masson — have cut ad investments so they can compete on price with Gallo. Also, look for more use of print from Masson as it tries to rebuild a premium image through its varietals.

Premium wines traditionally rely more on public relations than ads. There will be some action from the larger producers (Chateau Ste. Michelle, Beringer Vineyards) as they experiment with spot radio and print, but it will be a drop in the bucket by Gallo standards. ■

Apparel

by Carol Hall

The apparel industry has experienced a sales slump since mid-1987, and forecasters say it will continue through next year. As a result, apparel makers, who spend most heavily in newspapers, magazines and direct-mail, will hold tight with ad dollars.

In 1987, the industry had total sales of \$151.9 billion, according to the Department of Commerce. The 1988 total is expected to rise only 3.4%. Kurt Salmon Associates forecasts a 1989 sales total of \$165 billion. Though that is a more encouraging 5.2% increase, the consulting company says once inflation and mark-downs are taken into account, real growth will be less than 1%.

Apparel purchases are usually made in one of five types of outlets: department stores, small shops or boutiques, catalogs or factory outlets, discounters and national chains such as Sears Roebuck. Though department stores still claim most sales (about 25%), discounters and catalog/factory outlets are growing fast.

There are a number of reasons for the apparel slump, but stale styling in women's clothing, a \$54 billion chunk of the industry, ranks high on many lists. With the average female customer in her more conservative 30s, it's harder for the fashion crazes that boosted sales and profits in the past to catch fire. Many designers have gone back to classic lines and will emphasize them even more in 1989. As a result, women will add sparingly to their wardrobes.

Price increases since 1987 have been in the range of 4.5%, putting them ahead of the Consumer Price Index. But price tags on women's outerwear have risen 15% to 25% in some cases. Even worse, as prices increase, studies show consumers feel quality is declining.

The branded apparel industry's business is also being challenged by retailers themselves. A sizeable and growing threat has emerged in the form of private-label apparel. In addition, the consolidation of the retail business — witness 1988's megamerger of Campeau, Federated Department Stores and Allied Stores — is having a major effect on apparel makers. As retailers merge, the number

of merchandising and buying positions continues to change and dwindle. Currently, many longstanding relationships between vendors and stores have been disrupted, with fewer orders being placed. Management changes and the need to pay off merger-incurred debt have caused sharp cutbacks in the stores' advertising.

Longer term, the consolidation trend within the industry will mean fewer buyers who wield more power. And the way these "superbuyers" will buy will change. Retailers will look for manufacturers who can turn around an order in as little time as four weeks, as opposed to the average six to nine months.

Some apparel categories fared much better than others in 1988. According to Salmon, for the first nine months of the year, men's wear rose 1%; boys attire was off 1%; women's clothing fell 8%; and girls was down 4%. But infant wear jumped 15%. Salmon projects slight growth in all categories for the same period next year, the exception being women's wear, which should be flat.

Manufacturers run the gamut in their media plans for 1989. Among well-known labels, Liz Claiborne will continue media cutbacks started in 1987, re-routing funds towards in-store sales-training programs. Calvin Klein will hold steady on its all-magazine clothes spending. Donna Karan and Ellen Tracy, both hot names now, expect to increase their ad spending.

Apparel dollars in magazines were up 9.8% for the first 10 months of 1988, according to the Magazine Publishers of America, for a total of \$296 million. Pages were up 2.6% for the same period. Though most categories showed healthy gains, women's wear — which accounts for 70% of the pages sold — dropped 1%. The MPA is projecting gains in the category of 10% this year, primarily because magazines are getting better at value-added deals.

The use of newspapers by apparel makers is almost exclusively through co-op agreements. The Newspaper Advertising Bureau estimates co-op dollars to be about 5% of the industry's sales total, or about \$78 million last year.

Newspapers, though, will be hardest hit by the cutbacks. Newspapers are trying to hold onto business by instituting programs to push local retailers to use co-op allotments. Though large apparel makers are starting to use tv more to push new lines of accessories, the outlay is not expected to grow significantly from the approximately \$386.7 million spent in 1987. ■

**Today's conservative
fashions set the tone for the
industry at large.**

Automobiles

by Pamela Ellis-Simons

The U.S. automobile industry may go into a slight skid in 1989. New makes and manufacturers have glutted the market to the point that consumers are getting confused. And after a pretty good sales year in 1988, auto experts predict that the economy's slowdown will affect car purchases. J.D. Power and Associates, the California-based market research company, reports that after selling 10.5 million units in model year 1988, the industry will sell 10.2 million units in 1989, followed by 10.1 million units in 1990 before rebounding with the economy.

To stand out in this intensely competitive field, most auto manufacturers are going to be increasing their ad budgets, say industry observers. In July 1987-June 1988, the industry spent \$3.4 billion, according to Leading National Advertisers. "It's a war out there," says Jerry Card, advertising manager for GM's Oldsmobile division, which will be increasing its 1989 model year ad budget "substantially" and has a new youthful campaign declaring it is not the car your father drove. Toyota national advertising manager David W. Danzer reports that his ad budget will be up about 15%. Nissan, coming off a disappointing sales year, won't increase its budget but will spend more on local dealers' billings.

The industry's media mix — typically 70% television and 30% print, with very little outdoor — won't change drastically. But tv will probably benefit slightly as manufacturers embrace image ads as a way to differentiate their product from the look-alike competition. In addition, spot tv sales may increase as auto makers rely more on geographically and demographically targeted marketing.

"Tv is more intrusive," explains Tom Healey, director of media and advertising services at J.D. Power. "It is a better tool for saying something new or changing an impression." Cadillac's Peter Levin, director of advertising, reports that his ad budget is up 30% over the 1987 model year. His media mix of 74% tv, 20% magazines will remain the same. But within the tv category, prime-time

buys are up "considerably" in order to "establish some emotion for the product," he adds, "and to get our image more focused. There is a lot of competition in the luxury car group."

Indeed, J.D. Power says that the minivan, sport utility, sporty and luxury car segments in general will remain the strongest segments of the industry over the next five years as the baby boom reproduces and America ages. Estimates are that the markets for minivans will grow by 16%, sports utility vehicles by 17%, luxury models 23% and small sporty cars by 22%.

New launches should help drive the advertising engine. "You have to break through the clutter with good creative or repetition," says Charles Koch, account executive for Isuzu at Della Femina, McNamee, WCRS Inc. "Launch money is bigger than ever." Some of the more anticipated new

launches, backed by heavy ad budgets, include Infiniti from Nissan, Lexus from Toyota and Geo from General Motors.

Print, however, is taking on additional importance as the industry is forced to explain new trends, like souped up engines. And within print, the word is "focused advertising." Toyota, for instance, will use *Architectural Digest* and other new buys to relaunch its upscaled Cressida, says Danzer. And at J.W. Thompson, Paul Hunt, vice president and media director on the Ford car and truck account, says he is putting "more emphasis on specifically-targeted" print to reach diverse groups like the car enthusiasts and women that buy Mustangs. He adds that newspapers will continue to benefit from time-sensitive incentive advertising as it increases in this hotly-contested industry.

To fill in the media gap, adds Hunt, cable is turning into a great buy, depending upon the program. But its narrowcasting appeal is a thing of the past, Hunt adds. "The bloom is off the rose." Nonetheless, Toyota's Danzer, for one, says he increased his cable buy "dramatically" for the Cressida relaunch. ■

Competition for baby boomers and some big launches should fuel a fast-paced performance in auto advertising.

Business Equipment

by Amy Alson

Fancy writing instruments are fashionable now, but for business the basic tools remain strictly high-tech: computers, copiers and facsimile machines. In the 12 months ended June 30, 1988, the top 10 business-equipment marketers spent \$315.3 million in consumer ad media — 48% of it in network tv. All others add \$165.6 million to the pool, making the total \$471.0 million. They're expected to spend about 8% more in 1989 than in 1988, with network tv and national magazines gaining the most.

Computers, components and accessories put \$137.5 million in BAR/LNA's nine measured media in the six months ended June 30. Copier advertising totaled \$28.3 million in that period, including combined fax-copier ads. Fax advertising by 16 makers totaled \$11.6 million in the same six months, according to BAR/LNA. The service began to track fax ad media last year in response to a request from media sellers. Fax ad budgets will soar this year.

Business-to-business pitches in trade publications will add an estimated \$22 million to overall marketing budgets for the top 10 business-equipment marketers, estimates MMS Rome Reports.

Fax sales are big news as they soar past \$2.1 billion despite price-cutting. Unit-sales growth raced to 500,000 in 1987, from 157,000 two years before, and will top 1 million as of 1988.

As one market analyst for a media company says, a rush to market new fax products this year "has got to be good for the advertising market." New technology sustains a high-priced market segment and starts replacement sales. Fax-PC integration will be a big theme for multi-product makers, who soon will link a copier, fax and printer.

Unfettered by precedent, each fax maker has favored a different ad medium. BAR/LNA reports that from January to June 1988, Sharp Corp. was the only fax brand on network tv. In the same period, Canon Inc. and AT&T Co. used only magazines, and Murata Business Systems Inc. favored network radio. Pitney Bowes Inc., which has a direct sales force instead of dealers, scattered its media dollars in cable, local radio, newspapers and vertical mag-

azines such as *ArtViews*. Marketers say growing sales mean more dollars for media, and they'll spend more in 1989, especially on tv.

Media support for the mature computer and copier markets is cautiously stable. "The PS/2 [operating system], typewriters and mid-range solutions [computer-software packages] are an important part of our advertising plans for 1989," an IBM spokesman says. Xerox's umbrella effort will stay heavily in network tv, with print support.

Media mixes will change as budgets grow at some copier companies. Dollars will shift from copiers to faxes or to umbrella campaigns. Mita Copystar America Inc. increased media spending 20% last year and doubled print spending, all in national magazines to support its new fax and printers. Brand-awareness improved, says Brian Sonet, manager, market research and planning at the company, so in 1989 Mita will further boost spending to add more magazines.

PC sales will grow 12% to 15% in 1989, following a 20% gain in 1988, estimates Dataquest Inc. Many customers upgraded last year and won't be in the market again. In such a conservative environment, marketers will hold the line on ad spending, consultants say. Businesses' share of PC unit sales will remain about 50%.

Dataquest analyst Bill Lempesis doesn't foresee big media-strategy changes. "Most PC companies try to sell their products through dealers and distributors," he says, so cop dollars will likely rise. Products are getting less differentiated, he adds, so promotions will emphasize brand awareness. Direct marketing will gain share.

High-end computer industry revenues won't grow more than 90% in 1989. The industry is at a major crossroads: Customers won't invest in new equipment until the industry settles on technical operating standards, and marketers won't advertise products aggressively until such standards are set.

Mainframe sales will stall in 1989 as PC clusters grows. What's hot in big computers is supercomputers, says Future Computing Inc., and, at \$20 million each, they're not a prime product for mass media support. ■

**Manic fax
advertising should
help offset a static
computer segment.**

Cigarettes

by Ann Lallande

America's per capita consumption of cigarettes is declining by 1.5% to 2% a year, with unit sales totaling about 563 billion in 1988 for a dollar value of \$36 billion. As a result, tobacco companies are in an all-out war to maintain their base of users and try to take share from competitors.

Having said that, industry observers still expect total 1989 marketing expenditures for cigarettes to flatten or drop below the estimated \$2.6 billion spent in 1988. The industry's two giants, which control 70% of the market, have gotten caught up in the corporate mania for mergers and buyouts. Philip Morris purchased Kraft Inc. and RJR Nabisco sold to Kohlberg, Kravis, Roberts & Co. The actions will leave both companies with huge interest payments, most assume, especially in RJR's case, that the parents will be looking to cut costs wherever to finance the new debt.

Philip Morris has promised to limit the drop in the value of its shares to 5%. That makes marketing a prime candidate for cuts, because, as Roy Burry, senior vice president of research at Kidder, Peabody Co. Inc., points out, "It is one of the largest — if not the largest — controllable expenditures at Philip Morris."

At the agency level, word has it that Philip Morris has already reduced the marketing outlays for one of its major brands by 20%. The irony of the strategy, one account executive notes, is that "tobacco brands are supposed to be the cash cows that will pay for the debt."

Debt, however, is not the only motivation for the anticipated reductions. Burry says the company has been in the process of cutting back on marketing outlays, at least as a percentage of revenues, for a while. "There is a belief," explains Burry, "that they have oversaturated the media channels and therefore are moving to a less aggressive posture."

Philip Morris could weather the cuts with its 35% market share relatively unscathed because RJR has problems of its own. RJR's guard will be down and the attention of its executives diverted from brand management, says one agency executive. "RJR will be the piñata of 1989, beaten up and broken apart by profiteers."

RJR's big question is what to do about Premier. It seems as if the introduction of RJR's smokeless cigarette is being greeted with a resounding Bronx cheer, and some observers are dubbing it "the \$325 million booboo." If the company does not pull Premier off the market, its rollout could

Ad plans could go up in smoke to help improve the parents' bottom lines.

be stopped by litigation. The American Medical Association, for instance, wants to halt distribution until the cigarette has been tested and found safe.

The most successful product introductions recently are long and slim cigarettes for women and value packs such as plain label, private label and low-priced brands. Brown & Williamson, for example, has done very well with Capri, a long and extra-thin cigarette. Capri went into national distribution just last year and it already has gained a half-share point.

In the value category, sales have been increasing by about 8% a year over the last three years to top \$3.5 billion and claim 10% of the market. Liggett Group Inc. pioneered the concept in 1980, and the line has grown to represent 65% of the company's tobacco sales. Similarly, American Tobacco credits its two entries in the value category — Malibu and American Lights — with helping to boost its overall market share from 6.9% to 7.2%.

"The growth of the low-price category has been so dramatically promoted at retail," says Don W. Fish, vice president of marketing at Liggett, "that more dollars from the business had to be diverted to being competitive at the store level." Instead of pouring 65% of their marketing budgets into advertising, as they did in 1980, cigarette companies now spend 70% of their marketing dollars on promotions that run the gamut from event sponsorship to consumer offers to display allowances.

Outdoor advertising has survived surprisingly well through the shift. Tobacco revenues decreased 20% in 1987, but recovered last year, growing 13% to top \$353 million. Cigarette advertising in magazines has declined from 1984's \$425.9 million, but it appears to be leveling off around \$350 million. Newspapers have suffered the most, with tobacco revenues dropping from a high of \$358 million in 1981 to \$67 million.

Cigarette companies are also launching direct-mail programs, and they continue to sponsor numerous variations on the sweepstakes theme. The point: to increase the user's involvement with his or her brand. ■

Cosmetics

by Rebecca Fannin

Both sales promotion and national ad budgets are expected to be up significantly this year in the \$8.1 billion cosmetics market. During 1988, the beauty industry allocated an estimated \$580 million to national media, according to Leading National Advertisers. Sales promotion, say financial analysts and cosmetics consultants, captured another \$250 million. But this year, the share turned over to sales promotion should be larger than to advertising. Trade promotion, in particular, is projected to grow as retailers pressure manufacturers to foot the bill for co-op store ads.

Moreover, consumer promotion spending should climb. Increased resistance by consumers to premium-priced products is projected to heighten the practice of free gift with purchase, according to cosmetics consultant Alan Mottus.

Profit margins will get squeezed as the industry's growth rate slows. The cosmetics business, which includes fragrances, skin care, lip and eye beauty products, as well as nail care, is projected to increase by 6% after several years of an 8% rate.

One trouble spot is the \$3.2 billion fragrance market, expected to be flat during 1989. This category's growth is dependent upon new brands which typically spend about \$10 million for launch. But life cycles of products keep shortening (to less than three years) and consumers are weary of continual price increases.

Still, during 1988, the fragrance industry grew by 6%, led by a grab bag of big-name new products. Prestige products such as Giorgio are declining in popularity, however. One problem: competition from cheaper knock-offs. Old classics such as Chanel no. 5 continue to be strong.

A new perfume from Noxell, Coolers, is expected to have heavy spending. Another bright spot: men's fragrances. This \$1.2 billion market, which includes aftershave, should gain by at least 15%, according to Camille Duhe, editor of *Product Marketing*.

The \$2.6 billion skin-care market, which spends \$146 million, 40% in magazines, is disappointing. Sales increases of 13% since 1980 should decline slightly. The problem is that "marketers are spending money defending their claims against FDA challenges rather than building the business," says Mottus.

Look for development of skin care in mass retail outlets. This segment is led by Oil of Olay, but new competitors

The pressure is on beauty marketers to spend more wisely as sales growth slows.

include Colgate-Palmolive's Lounay, Gillette's Myoko, L'Oreal's Plentitude and added items from Neutrogena and Nivea.

Analysts predict the \$800 million nail-care market, with spending of \$44 million, should gain by 6% after a 7% growth in 1988. Products such as cuticle removers should boost the category, however.

News in the \$1.7 billion facial make-up segment — lipstick, foundations, powders, eyeshadows, liners and mascara — is Maybelline's battle to regain leadership from Cover Girl. This war, say the analysts, should escalate ad spending beyond last year's \$185 million in the category to boost facial make-up sales by about 5%. Azziza, since a restage, has also gained share and put pressure on Cover Girl's eye make-up.

Analysts wonder whether Cover Girl has saturated its market. The clean, wholesome, all-American image hasn't changed in ten years, but may get a face lift soon. Sister line Clarion, which has a more contemporary positioning, may also be cannibalizing sales of Cover Girl. Meanwhile, Maybelline has increased share from 18.6% last year to 19.5%. Cover Girl's share is down from 21.2% to 19.9%.

This year, Maybelline will introduce a lip and nail product to the Shine Free line. Analysts add Maybelline will bring out cosmetics for black women and launch a skin-care line.

Finally, the \$400 million sun-care market should reach \$560 million by 1992, says editor Duhe. New products will push it along: Keep an eye on make-up products that contain sunscreens.

The cosmetic industry spends about 30% of its budget in magazines, and that ratio isn't likely to change in 1989. Cosmetic advertisers are divvying up budgets among a wider list, beyond health and beauty aid books. Tv spending takes about a 45% share and is expected to be stable next year. However, watch for more cable spending, which has enjoyed a 600% increase in billings since 1987. Network radio may also see growth. Look for others to follow trend-setter Maybelline, which allocates 6% of its budget to the medium. ■

Drugs

(OVER THE COUNTER)

by David Kalish

Advertisers continued to spend sluggishly on drugs and remedies in 1988, and despite a few bright spots, another lethargic performance is expected this year. The sleepy picture comes as drug manufacturers rack up record sales of over-the-counter drugs — 1988's total is expected to reach \$7.5 billion — apparently turning more than ever to couponing and other forms of noncommensurable promotion to pitch their products.

Observers say this year's rise in ad spending will roughly equal or slightly exceed the 4-5% increase recorded last year. That brought the category to \$1.42 billion in spending through June 1988, according to LNA/BAR.

The slight increase is largely attributed to new ad campaigns for launches of line extensions of existing over-the-counter products. The first 10 months of 1988 were a particularly robust period for such activity, according to Marketing Intelligence Service: 49 new cough and cold remedies, 41 new pain relievers, 25 new medicated skin-care products and 24 new stomach relievers.

Among the line extensions in 1988 that added some punch to otherwise slow ad spending were American Home Products' Clearblue Easy one-step pregnancy test, which LNA/BAR lists spending \$587,400 in the six months ending June 1988; a new size of Schering-Plough Corp.'s Drixoral Plus, which brought expenditures for the product to \$519,600 the first six months of 1988; and another sinus formula for Schering-Plough's Chlor-Trimeton decongestant, which brought its total spending to \$1.7 million for the first half of 1988.

Ad spending boosts this year are expected to be largely the result of more line extensions, as well as new over-the-counter products launched from prescription-only medicines. This trend will be a more important part of ad spending as the Food & Drug Administration relaxes rules on what can be sold without a prescription.

Television advertising remains healthy, with increases that should extend into 1989. This is led by a mini-boom in prescription drug ads — which interestingly, under federal regulations, cannot mention the name of the product.

Total 1987 drug and remedy spending in tv increased 9.8% to \$1.04 billion over 1986, according to the Tel-

evision Bureau of Advertising. Leading the way was Johnson & Johnson, which LNA lists with \$119 million in tv spending the first half of 1988, followed by American Home Products with \$112 million and runner-up Procter & Gamble with \$43.7 million.

CBS, whose ratings troubles have hurt ad revenues of late, projects drug ad spending rose 3% last year over 1987, compared to NBC's projected 13% jump. At NBC, a big infusion of first-half 1988 spending for prescription-drug advertising from Glaxo Holdings P.L.C. and SmithKline Beckman Corp. boosted the top broadcast outlet's spending total to \$18 million from \$4 million in the same period in 1987.

These increases come despite dog days in spot tv, with no big deals signed lately with major drug advertisers. Former spot advertisers like Sterling Drug and Bristol-Myers have instead embraced cheaper media.

Spending in print was boosted only 2.9% during January through September 1988, compared to the same period in 1987, according to the Publishers Information Bureau. PIB's nine-month 1988 total is \$113 million.

In medical journals, prescription and drug spending is projected to increase roughly 3% this year, according to Bozell, Jacobs, Kenyon & Eckhardt. This is credited in part to the launch of four new ethical books in 1989. Pharmacy magazines recorded \$22.3 million in 1988 in Rx and over-the-counter advertising, according to BJK&E.

Spot radio has shown modest increases, from \$17.3 million the first half of 1988 compared to \$15.9 million the same period in 1987. However, network radio was off nearly \$2 million to \$38.5 million in the same period.

Conventional outdoor such as billboards increased from \$841,700 in 1987 to a projected \$1.5 million in 1988, according to the Institute of Outdoor Advertising.

Other outdoor forms like eight-sheets, transit advertising and mall ads recorded a slight increase from \$81.5 million in 1987 to a projected \$81.9 million in 1988 (their measure includes internal and external medications), according to

rep firm National Out-of-Home Media Sales. However, companies that pulled out their ads in 1989 have inquired about reinstituting them, the rep firm reports. ■

Line extensions and price promotions are the prognosis for the year ahead.

Financial Services

by Pamela Ellis-Simons

The financial services industry was on a roller coaster last year. The October 1987 stock market flop and this year's stock scandals scared off the individual investor and sent 1988 volume dropping for the large retail brokerage houses. In addition, many of the nation's savings and loan institutions are being folded into stronger members. And across the country, deregulation has pitted the country's banks, brokerage houses and insurance companies against each other.

The intense competition means advertising will increase over last year, whether the industry can afford it or not, say analysts and observers. Through June 30, 1988, the financial services sector spent \$1.3 million on advertising, according to BAR/LNA, which was up 24.7% over the previous year. The biggest spending component of that was banking, which accounted for 34.6% of those ad dollars. This year, ad expenditures are likely to rise only slightly, with the biggest spending component most likely to come from the brokerage field.

A good example of the pressure to advertise is seen in retail brokering. "1988 was a very difficult year for retail-oriented firms, which spend the most [of their industry] in advertising," says Doyle Lyons, vice president of Merrill Lynch Capital Markets and analyst for the brokerage business. "All of the retail firms are having serious earning problems. But they probably wouldn't want to cut advertising. In this environment, nobody can afford to drop out of sight."

The same is true to a lesser extent for banks. 1988 saw fewer loan loss reserves for commercial banks, yet bank analyst James H. Wooden, senior vice president at Shearson Lehman Hutton, reports that "there was not a lot of fluff left for advertising. And in California and New York, you've got to advertise all the time or run the risk of losing deposits because there are so many banks and S&Ls and rate-sensitive customers."

How much more the financial services industry will advertise depends on each company. Citicorp, for instance, will advertise about the same amount as in 1988,

which was bumped up by their first national image campaign and an extensive spot ad budget for Mastercard and Visa. Because of the national campaign, the bulk of Citicorp's 1988 and 1989 consumer bank spending is now in television. As they prepare for national banking, large banks are bound to increase their mass-market media budgets over their traditional direct-mail allotments.

In the uncertainty of 1988, most retail brokers focused on print advertising—particularly newspapers—as the most effective way to deal with the volatile stock market. "You needed flexibility and a way to get the message out faster," says Charles V. Mangano, vice president and director of advertising at Merrill Lynch. The big brokerage

firm didn't cut back on television but found print allowed it to be more specific in its message as the market dropped and recovered. It also used newspapers extensively to promote its market seminars and late-breaking information about bonds. Merrill Lynch's Mangano guesses the industry will probably increase its adver-

Despite falling profits, the industry knows it must investment-spend on ads.

tising spending slightly in 1989.

Insurance companies will probably be wary of advertising after poor financial results in 1987 and prospects of the same through the first half of 1990, says Udayan Ghose, first vice president, research department of Shearson Lehman Hutton. But strong players are increasing their budgets in television. New York Life Insurance Co. expects to more than double its mostly-television ad budget in 1989 to \$25 million to stress its newer investment products and to create a "new look, a new positioning" for the company, says spokesman Peter Craddick. Allstate's vice president of corporate market support, John J. Flieder, adds that as companies like his try to differentiate themselves from others, they will focus budget increases on image-oriented television campaigns. Allstate's 1988 print budget was increased as well and is likely to stay at that higher rate "to give more depth and more detailed explanation," as well as target specific groups. Indeed, a major story for this segment of the financial services segment is how companies are creating specific campaigns for different age and income groups. ■

Prepared Foods

by Amy Alson

The good news is that the multi-billion dollar food industry is moving ahead nicely, with national food manufacturers appealing to convenience, health concerns and a growing family-centered market to drive food sales. For the 52 weeks ended Nov. 4, 1988, packaged-food marketers warehouse shipments of dry, frozen and refrigerated foods were worth \$102.1 billion in retail sales, SAMI-Burke reports. But the bad news is, advertising budgets won't necessarily ride along.

In the 12 months ended June 30, 1988, the top 10 marketers of prepared and convenience food spent \$208.6 million on national media, according to Leading National Advertisers. Among packaged-goods marketers with at least \$1 billion in revenues, 45% of marketing dollars go to trade promotion, 29% to consumer promotion and 27% to ad media, says a recent report by Landon Associates, the newspaper sales firm. In 1989, sales promotion will continue to

take dollars from national advertising media's plate. As for the dollars still in media, they'll migrate from network tv to less costly, more targeted media, market experts say.

"Advertising as we used to know it in the food industry is in jeopardy," says Jim Dunne, director of syndicated research at Nielsen Marketing Research. Most new food products these days are brand extensions or "me-too" products, so brand-specific promotions and couponing win favor over advertising, which tends to promote an entire category, Dunne says.

"It's increasingly difficult to put together a truly effective ad-spending plan," adds consultant Dan C. Swander of San Francisco-based Swander, Pace & Co. His clients seek alternatives to network tv, with its high costs and eroding audience. He says, "I suspect you'd see more co-op advertising" as part of a growth in trade promotions.

Trends likely to influence food marketers' 1989 strategies are industry mergers and regional brand growth. The consensus is that mergers won't have much impact on 1989 ad budgets. "They'll look to other parts of business for savings," Swander says. Ad volume won't fall, but total spending might since multi-brand giants like Philip Morris

Cos., with its Kraft and General Foods units, wield great leverage with media sellers.

Corporate parents are likely to do more cross-brand promotions, such as distributing coupons for a new dry-goods brand with a frozen food.

National food processors increasingly are developing products at the regional level for regional distribution. That, too, could siphon marketing dollars from national ad media into local trade support, which often already includes co-op ad dollars.

At the product level, in 1989, "anything microwaveable is going to grow," Swander claims. For instance, though Campbell Soup Co. has reined in its new-products

output — which exceeded 300 between 1982 and 1987 — a microwaveable canned soup is "imminent."

In the \$1.5 billion frozen-entree market, the on-going war for finite freezer-case space won't abate. Microwave-only formulations are expected to squeeze out space for frozen juices, as

juice-makers push refrigerated products (though chilled entrees are stymied by distribution snags). Kraft's All American Gourmet Co., maker of Budget Gourmet frozen foods, plans to launch Eating Right low-calorie frozen entrees this year. It reportedly will spend \$15 million on the line.

However, the government could put a crimp in the ready-to-microwave rage — it's now testing microwaves' effects on glues used in the packages.

The \$5.5 billion breakfast-cereal business promises variation on familiar themes. The top 10 brands spent \$243.6 million in the 12 months ended June 30; they'll keep spending up this year. Fiber, especially oat bran fiber, sold adult cereal in 1988. Now the buzz is about rice bran fiber, said to be less costly and a better nutritional source.

At the retailer level, stores are creating brands closer to national brands, which could be good news for the media. There's no consensus on the potential of such "upmarket" store labels as A&P's Master Choice coffees. Some say aggressive promotions of store labels will make national brands reduce trade support to do more advertising with a big-brand status pitch. ■

Food marketers continue to starve ad media to feed more promotions.

Travel

by David Kalish

Spending in the \$1 billion travel advertising category is expected to increase 8%-10% in 1989, fueled by America's growing passion for far-off places.

Airlines, cruise lines, hotels and tourism bureaus spent roughly \$971.6 million on advertising in the 12 months ending June 1988, according to LNA/BAR, up from \$803.2 million in the same period in 1987. The 1988 figures reflect in part the addition of Media Records newspaper data to LNA's total in 1987.

Ad spending in 1989 will continue to benefit from the low U.S. dollar, as advertisers try to cash in on the growing number of overseas travelers in the United States. In addition, 4.2% more Americans traveled to Europe in the first six months of 1988 compared to 1987, leading to beefed up ad spending by European countries' travel advertising in U.S. media. "The resort and travel category is probably the hottest category of them all," says Robert Coen, senior vice president and director of forecasting at McCann-Erickson.

Also spurring ad growth is a recent proliferation of new cruise lines and increased business at established ones, with the U.S. cruise industry enjoying 11% sales growth last year, according to Cruise Lines International Assn.

Typical of the fresh ad money streaming into the category is Seabourn of San Francisco, a two-ship upstart company that launched its first-ever consumer ads in 1987 with \$2.8 million. That rises to \$3.9 million in 1989.

While powerhouse Carnival Cruise Lines's budget remains stable in 1989 at roughly \$34 million, the media buy will actually increase by about \$2 million as fewer dollars are spent on one-time production expenses. Magazines can expect to absorb some of that increase.

Also boosting ad spending this year are many destination and resort sites. For instance, the Tourist Bureau of Mexico intends to bolster 1988's \$15 million advertising budget by roughly 20%. Also, for the first time in 1988, the European Community, a 12-nation tourism consortium, advertised in magazines with a \$300,000 budget that bought six-page gatefolds in *Travel & Leisure*, *Gourmet*, and *New Yorker*.

And while the major airlines, which account for the largest chunk of travel spending (\$400 million), are not planning big ad boosts in '89, the media mix may change. If the airlines are successful in reducing fare wars, that may mean fewer impulse ads in newspapers and more

image ads trumpeting service in tv and magazines.

United Airlines says it spent \$85 million-\$90 million on advertising in 1988, which should hold in 1989. With 65% of its '88 ad dollars in television, United for the first time in years bought space in *Newsweek*, *Business Week* and *Time*, with the latter carrying nine United pages compared to none in 1987.

For its part American Airlines, the biggest travel spender — LNA/BAR has it spending \$84.5 million July 1987 to June 1988 — plans few changes in its budget this year, although the focus may shift more to the leisure flier. But with a new regional approach to ad spending, American plans to put more money into outdoor advertising, which currently comprises only about 5% of its budget. Signs of the times: San Francisco had 32 American outdoor boards in 1988, compared to none the year before.

Overall travel advertising in conventional outdoor media like roadside billboards increased 10.5% to \$144.5 million in 1988, according to the Institute of Outdoor Advertising. A 20% boost in travel spending over last year's \$113.2 million is expected in 1989 in other forms like transit, eight-sheet, bus shelters and malls, according to Robert Dragotta, president of National Out-of-Home Media Sales.

For radio, the move toward stressing airline service over fares could mean a reduction in travel ads on hard-rock stations and more advertisements on affluent-audience stations like classical. In recent years, spot radio has been losing airline advertising, but industry officials express optimism as the recent spate of airline consolidations cools down. Consolidation of the major airlines robbed spot radio of ad dollars in 1988, as spot travel ad spending slipped to \$46.8 million in the first half of last year from \$55 million the same period in 1987.

Magazines will continue to cash in on travel's ad spending spree. Books that can prove reader interest in the subject and/or incomes to pay for the trips are good candidates. This can span the gamut from titles such as *Travel & Leisure*, which enjoyed a 20% rise in 1988, to *Time*, which toted up a 10% boost in travel ads last year. ■

**Ad spending could
take off as America
continues its travel passion.**

INDUSTRY OUTLOOKS

Readers Tell Us ...

The client community is glum in its assessment of the year ahead. Research USA reached a sample of our advertiser readers and asked them for their outlook. (Base: 115, unless otherwise noted.)

1. How do you think the economy will change over the next six months?

It will greatly improve	3.5%
It will somewhat improve	21.7
It will stay the same	37.4
It will somewhat weaken	35.7
It will greatly weaken	1.7
No answer	—%
	100.0%

2. What do think will happen to the following during the first half of 1989?

	Interest Rates	Consumer Spending	Inflation
Will rise	60.8%	19.1%	50.5%
Will stay the same	27.0	57.4	45.2
Will fall	12.2	23.5	4.3
No answer	—	—	—
	100.0%	100.0%	100.0%

3. Has your organization specifically revised its advertising budgets for the first half of 1989 because of economic uncertainty?

Yes	37.4%
No	62.6
	100.0%

If "Yes":

a. How much have your ad budgets changed overall for the first half of 1989?

They're up 1% to 9%	20.9%
They're up 10% to 19%	20.9
They're up 20% or more	11.6
They're down 1% to 9%	30.3
They're down 10% to 19%	11.6
They're down 20% or more	4.7
	100.0%

Total "up"	53.4%
Total "down"	46.6
(Base: 43)	

b. What changes were made for each of the following media?

	Consumer Magazines	Business/Trade Publications	Newspapers
Up	42.1%	38.2%	25.7%
No change	47.4	47.1	48.6
Down	10.5	14.7	25.7
	100.0%	100.0%	100.0%
Base*	(38)	(34)	(35)

* Based on those answering question

	Television	Cable	Radio
Up	32.4%	40.7%	42.4%
No change	29.4	51.9	30.3
Down	38.2	7.4	27.3
	100.0%	100.0%	100.0%
Base	(34)	(27)	(33)

	Outdoor	Sales Promotion	Direct Marketing
Up	—%	62.2%	62.8%
No change	81.5	32.4	34.3
Down	18.5	5.4	2.9
	100.0%	100.0%	100.0%
Base	(27)	(37)	(35)

4. Have there been cutbacks in your own organization over the past few months?

Yes	37.4%
No	62.6

If "Yes," in which of the following areas were cutbacks made? (Check all that apply)

Budget cuts	53.5%
Top management cuts	9.3
Mid-management cuts	41.9
Staff cuts	83.7

(Base: 43)

AS THEY SEE IT

TELEVISION

Joel Segal

Executive vice president,
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McCann-Erickson, New York



THE SUMMER OLYMPICS: POSTMORTEM '88 AND PREVIEW '92

It's been a watershed year for the Summer Olympics, according to many observers. Gloomily, they predict that it is all over for Olympics, that it is not the event that it once was, that ratings are in the doghouse and bound to go lower and, finally, that Americans are no longer entranced by the quadrennial classic.

This past summer, that seemed the case. Indeed, the 1988 tv numbers tell a sorry story when compared with those of 1984 (see chart).

There's no denying that the declines were devastating — disappointing to NBC, to say the least, and more than surprising to the broadcasting community. But there is a multi-faceted story behind these numbers that leads

The opinions expressed in the "As They See It" section are personal observations by practicing professionals. They are not those of the magazine.

us to believe that things will change for the better the next time around in Barcelona in 1992.

Let's look at what is generally believed to be the primary culprit — the production itself, keeping in mind that all of the factors to be discussed can be eliminated or revised in 1992.

- In an effort to provide as much live coverage in prime time as possible, NBC tended to focus on live, though less appealing events, such as water polo, women's basketball and boxing, rather than on taped, delayed contests that could have been more popular with viewers, such as track, gymnastics and diving. There were simply bad choices made in the name of live television.

- There was a fragmented feel to much of the production, both in terms of commercial breaks and event coverage. The cameras leaped abruptly and arbitrarily from diving to basketball and back again, a form of zipping by the network itself. Continuity of action was further damaged as the network seemed to cut commercials and promotional announcements with increasing frequency.

- Bryant Gumbel is a marvelous interviewer and *Today Show* host. But just as Dan Quayle is no Jack Kennedy, the *Today Show* is not the Olympics. Gumbel appeared even-handed, reserved and somehow detached. I believe the public missed the enthusiasm and outright patriotism of ABC's Jim McKay. Over time, producers have learned that viewers like to be told when to applaud.

- In order to provide live Korean coverage to American viewers in prime time, events had to be scheduled as early as 9 A.M. in Seoul to show up at 7 P.M. in our Eastern time zone. At that hour, as many as half the stands might have been vacant. This emptiness may well have translated into negative feelings among the audience at home, thereby contributing to reduced viewing. In Barcelona in 1992, where events will be taped, they will occur at the hours of maximum attendance.

An adjunct to this issue is the matter of the Korean versus the Spanish fan. In Seoul we had a stoic, reserved population, whereas in Barcelona we can expect the typical Spanish elan. Spectator enthusiasm is infectious, we believe, and can be easily caught by the home viewer.

Of course, many of the difficulties were not of NBC's own making:

- We are a chauvinistic country. We love to see the home team win — whether it's Boston and the Red Sox, New York and the Jets or the USA and the American Olympic team. In the 1984 Olympics, without the presence of the Communist titans, the USSR and East Germany, America was number one with 174 medals. The Los Angeles Olympics were glorious days for our country. When the East Europeans joined the fray in 1988, we fell back to third place with only 94 medals, compared to 132 for the USSR and 103 for East Germany. Unfortunately, this performance tended to dampen the spirits of the viewers.

THE OLYMPIC DIP

Time Period	Ratings		
	L.A.-1984	Seoul-1988	% Change
Prime	22.5	16.7	-26%
Late Night	16.5	11.3	-32%
Early Fringe*	10.8	5.2	-52%
Weekend Daytime	15.8	7.2	-54%

* Early Fringe 1984 - 4-5:30 P.M.; 1988 - 4-5 P.M. Source: Nielsen

● Prior Olympics seemed to provide the audience with a charismatic winner, an Olga Korbut, a Nadia Comaneci or a Mary Lou Retton. This time around, there were none. It is possible that NBC might have done a better job in building up a hero or heroine for the fans, a Janet Evans or a Matt Biondi, but for whatever reason, it never happened.

● The Olympics were not truly summer games. In order to accommodate the Korean climate, they were scheduled in the early fall. This caused them to appear opposite end-of-season baseball games and professional football on American home screens, resulting in the defection of considerable numbers of male viewers. When *Monday Night Football* ran opposite the Olympics on September 19 and 26, there were actually more women than men watching the Olympics, a rather uncommon occurrence for any sporting event.

● Some non-sports competition outperformed expectations. Despite the writers' strike, CBS had a few first-run female-oriented movies on the shelf, and they used them to good effect. During the Olympics, ABC stripped repeats of its successful sitcoms from 8-9 P.M. and followed them with young-appeal movies and specials. This ploy successfully drew off significant numbers of kids and teens. Between them, therefore, ABC and CBS were able to effectively counter-program among major viewing groups.

In July-August 1992, when the Olympics will be the major event of the summer, many of the counter-programming devices mentioned will either be unavailable or less effective. Furthermore, no matter what network wins the rights to the Olympics, all will have learned from NBC's 1988 experience. By necessity, all prime-time events

will be taped, permitting the staging of a dramatic television special with continuity and controlled commercial breaks. The show will be smoother, the seats filled, the spectators will be more reactive and the host or hostess will glow with enthusiasm. In short, regardless of network, American viewers of the Barcelona Olympics will be treated to exciting dramatic television in the summer of 1992. ■

MAGAZINES

John L. Gray

*Senior vice president,
director of media planning,
J. Walter Thompson, USA,
New York*



THERE YOU GO AGAIN

Writing this article around election time, I'm reminded of the 1980 presidential debates and then-candidate Reagan's famous rejoinder to President Carter: "There you go again." This seems an appropriate response from agencies and advertisers to those many magazine publishers

who have announced rate increases of 6%, 7% or even 10% or more in 1989.

These magazines claim their increases are unavoidable, caused largely by paper and postal rate increases in 1988, coupled with another "expected" paper cost increase early in 1989. But agencies and advertisers simply cannot accept increases of this magnitude.

According to estimates from the Magazine Publishers of America (MPA), average magazine operating costs have risen 4.7% because of paper and postage increases. Paper costs have increased about 19% since July 1987, and postage costs are up an average of 19.1% since April 1988. Applying these increases to the percentages of total magazine operating costs represented by paper (about 15.2%) and postage (about 9.2%) results in the MPA's 4.7% figure. Magazines have also incurred some cost increases in other areas.

But wait a minute. Companies everywhere are faced with unavoidable cost hikes. Many of them find other areas where they can cut back, rather than simply passing along those increases to their customers. Certainly there's one big area where publishers could cut. That's their expensive circulation acquisition and renewal practices.

Time magazine pointed the way recently by dropping 300,000 of their most costly and undoubtedly least desirable circulation. This will improve the overall quality of their total circulation. And based on our past experience, we doubt it will significantly affect their total readership figures reported in syndicated research. (*Time* will surely maintain the public-place distribution that contributes a large portion of the total audience.)

NICKELODEON

Reach Kids!

© 1988 MTV Networks

ing and merchandising. But inherent in the value concept is the price/value relationship.

Magazines have been complaining about agency and advertiser pressure to negotiate rates. Yet we're not convinced they have done all they could to hold down rate increases. I submit that any publication with a CPM rate increase of more than 4-5% has extended an invitation to negotiate. And I'm sure that we will R.S.V.P. by accepting your invitation. ■

RESEARCH

Steve Sternberg

*Vice president,
manager of broadcast research,
Bozell, Jacobs, Kenyon &
Eckhardt, New York*

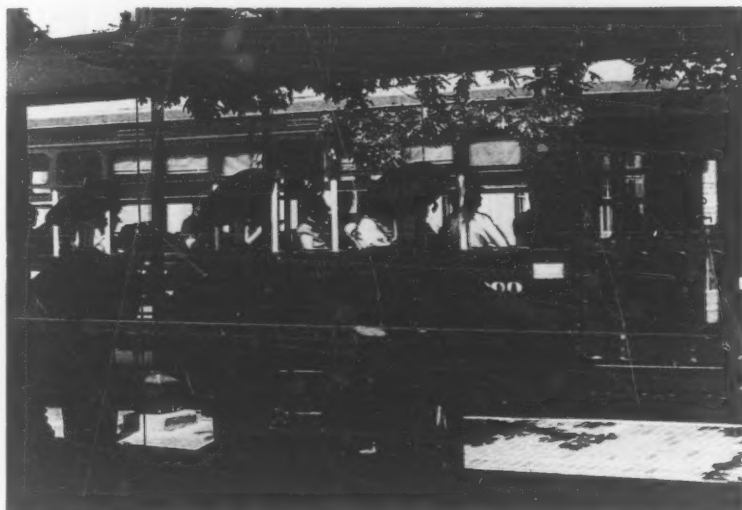


VCRs: A NEW MEDIUM, A NEW MESSAGE

As the 1980s come to an end, we are entering a new era in television research. People meters, commercial measurement moves, single-source data, computerized marketing information systems and other new technologies that are bound to emerge in the near future are causing many rapid changes in an industry that for 30 years was essentially business as usual. The major impact to date has been on how audiences are measured and eventually on the way television time is bought and sold. The VCR, however, is having a fundamental effect on how people watch both television programming and commercials.

Nearly three decades after Marshall

Do You Know What It Means



To Miss New Orleans?

Unfortunately, some national retailers do. And that makes us wonder why.

Consider, for a moment, that retail expansion has increased 25 percent since the fall of 1986. And if you're still not convinced, consider that Macy's "exceeded" its expectations when it opened in October of 1986. That's why it opened a second one in New Orleans in August of 1988.

Who else is in New Orleans? Lord & Taylor, Brooks Brothers, Saks Fifth Avenue, Esprit, Gucci, Laura Ashley, and strong regional retailers like Maison Blanche and D.H. Holmes. Do they know something about the \$15 billion New Orleanians spend that you don't?

If you're missing the good news, call Ray Massett at (504) 826-3071.

The Times-Picayune's Weekly Coverage of the New Orleans Market:

	%	Total
All Adults	86	968,000
Exec/Professional Occupation	91	293,000
\$50,000 + Household Income	90	129,000

Source: Total EBI - 1988 Sales & Marketing Management, Survey of Buying Power
N O MSA Readership - Belden CMS, May-Dec 1987



Photos by Colleen Soule (top), Ellis Lucia (bottom).
Model Susan LeCourt with apparel by Saks Fifth Avenue.



The Times-Picayune

Represented Nationally By Newhouse Newspapers • New York, NY (212) 697-8020
• Birmingham, MI (313) 543-5606 • Atlanta, GA (404) 955-2335 • Chicago, IL (312) 641-6242
• San Francisco, CA (415) 362-3367 • Beverly Hills, CA (213) 205-7647

McLuhan first coined the phrase, the videocassette recorder is clearly demonstrating that the medium is still the message.

Background: After about 10 years of mass-market sales, the home VCR has become the fastest-growing electronics product ever, according to the Electronic Industries Association. Nielsen estimated VCR penetration at about 60% of the U.S. in 1988, up from just 2% in 1980, and BJKE expects this figure will reach 75% by 1995 (see Chart I).

With such a rapid growth in VCR households, and with VCRs enabling viewers to become, in effect, their own programmers, one might expect a significant impact on program ratings. With a few exceptions, however, this has not yet proved to be the case. While daytime soaps, prime-time miniseries and made-for-tv movies have consistently demonstrated a relatively high degree of VCR recording . . .

• Regular prime-time series, on average, have held steady at about a 2% VCR contribution to recording activity despite the dramatic growth in VCR

ownership:

• And the average minutes of record, rather than playback, time in VCR households have declined over the past few years (see Chart II).

The major reason for this is that despite its high penetration level, the VCR is still in its infancy as a consumer medium. About 60% of VCR homes have owned a VCR for less than four years, when VCR penetration jumped from 29% to 60%. New owners tend to rent movies they've always wanted to see before they settle into more time-shifted viewing. We are beginning to see changes in VCR usage patterns based on length of ownership. Homes owning a VCR more than three years record 30% more a month than those owning a VCR for less than one year (see Chart III).

Nielsen pegs the percentage of all households that own more than one VCR at 21%. As already noted, BJKE projects VCR penetration to reach 75% by 1995; over three-quarters of VCR homes will have owned at least one VCR for more than five years. Clearly, the impact of VCRs on television ratings as we enter the 1990s will be far greater than it is today. Already this season we are seeing a slight increase in the VCR contribution to network ratings during prime time and a larger increase in daytime (Chart IV).

Measuring the VCR audience: Nielsen is scheduled to discontinue reporting VCR recording and incorporate VCR playback in its program ratings beginning September 1989.

Chart I

VCR PENETRATION PROJECTIONS (Fall of Each Year)	
1980	2%
1981	4%
1982	6%
1983	11%
1984	17%
1985	29%
1986	44%
1987	53%
1988	60%
1989	63%
1990	66%
1995	75%

Source: Nielsen & BJKE Estimates

Homes owning a VCR more than three years record 30% more tv programing than those that have owned one for under one year.



KIWANIS MAGAZINE

KIWANIS magazine delivers a unique, quality travel audience.

- 54.1% of all KIWANIS magazine readers have traveled abroad in the past three years, an average of 2.5 times each.
- 21.2% have taken a cruise during this same time period, 5.9% more than once.
- Their median age is 54.9 years.
- Their mean annual household income is \$62,800.

In September, 1988 KIWANIS magazine initiated a Travel Advertorial program, a schedule of 1989 features is available upon request.

A Reader Service feature appears in every issue, and is free to advertisers purchasing 1-6th page or more in the same issue.

For additional information concerning KIWANIS, KIWANIS magazine, and this unique, quality travel audience, please write or call today:

Kiwanis International
3636 Woodview Trace
Indianapolis, IN 46268-3196
Attention: Pat Hatcher, Advertising Director
Phone: 1-800-445-3925
In Indiana: 1-800-638-7436
or 1-317-875-8755
TELEX: TXW 810-341-3471
FAX: 317-879-0204

Source for all statistical data: A C M S., 6-87
Subscriber Study Report.

Chart II

AVERAGE MINUTES OF VCR RECORDING PER WEEK				
	1984/85	1985/86	1986/87	1987/88
M-Sun 24 hours (June-May)	169	165	168	145
Prime Time (Sept.-May)	71	81	78	59

Source: Nielsen

Chart III

LENGTH OF VCR OWNERSHIP			
	Less 1 Year	1-2 Years	3+ Years
Avg. # of Recordings per month	12.4	13.7	16.1

Source: Nielsen

Chart IV

VCR CONTRIBUTION TO NETWORK RATINGS

	Nov. '85	Nov. '86	Nov. '87	Sept.-Oct. '88
Prime time (Regular Series)	1%	2%	2%	3%
Daytime Drama	2%	5%	6%	9%

Source: Nielsen

Chart V

PERCENT OF VCR RECORDING BY SET STATUS M-Sun 24 Hours (June-May of Each Year)

	1985/86	1986/87	1987/88
Set Off	53%	52%	52%
Diff. Channel	16%	17%	17%
Same Channel	31%	31%	31%

Source: Nielsen

Before discussing the problems involved with reaching an industry consensus of what actually constitutes playback, let's take a look at some of the things we know about viewers' VCR usage patterns:

- About 52% of all VCR recording is done while the set is off. This means that VCRs are probably adding viewers who otherwise wouldn't have watched anything. Only 17% is recorded from a different channel, and 31% is recorded off the same channel as the one being watched. These figures have remained stable for the past three years (Chart V).

- According to Nielsen, 17% of VCR homes account for about one-half of all daily VCR usage. This small group uses the VCR for an average of three hours, 40 minutes a day, whereas the remaining VCR homes average just 44 minutes (see Chart VI for VCR usage quintiles). The loss in advertising exposure in the "average" VCR home may therefore be minimal.

- Movies and soaps represent the most commonly recorded programs; sitcoms, game shows, sporting events and news are the least recorded.

- VCRs are still the most prevalent in the Northeast and Pacific territories; "A" counties; pay-cable homes; and upper-income, larger and better-educated homes. But as VCR penetration expands, this is less pronounced.

- Prime time and daytime account for the bulk of VCR recording, with

about 40% and 30%, respectively. Prime-time recording is generally highest during November and February (sweep months), but during the summer, when the networks air mostly repeats, Monday-Friday daytime accounts for more recording time as the soaps continue their slow but heavy pace.

- Network affiliates represent about 70% of all recording.

Nielsen is holding industry-wide meetings to determine precisely how to incorporate VCR playback into its reported ratings. Many of the issues surrounding playback measurement are not very complicated and are easily resolved. The basic question of what

constitutes playback is not so easy.

The problem can be summarized with the following question: Who's responsibility is it to keep the viewer tuned in during commercials — the networks/stations, or the advertisers/agencies? In other words, should advertisers pay for the advertising based on ratings that include non-commercial programming (if all or most of the commercials in a given program are fast-forwarded)? On the other hand, should the networks be penalized for commercial execution that might result in more fast-forwarding?

As we pointed out, the medium is still the message. People fast forward because they are able to — program or commercial content, we believe, are not the cause. If a new technology emerges that alters audience behavior toward a medium, it is the responsibility of that medium to adjust and ensure that advertisers are still getting what they pay for — potential commercial exposure. Audience measurement services, whose function is, essentially, providing data to all parties to facilitate the buying and selling of commercial time, have that same responsibility.

BJKE reiterates its proposal for measuring VCR playback (see "Suggestion," pg. 84). The percentage of playback as viewing should be equal to the percentage of commercial time not fast-forwarded.

Obviously, this issue will require some compromise if it is to be resolved before next season. As with most com-

Chart VI

VCR USAGE BY QUINTILE (February 1987)

24 Hr. VCR Usage	%	% of 24 Hr. VCR Usage	% of Play	% of Record
1. Heavy	20%	55%	52%	60%
Top Half	10%	35%	33%	38%
Bottom Half	10%	20%	19%	22%
2. Medium-Heavy	20%	25%	25%	24%
3. Medium	20%	13%	15%	11%
4. Medium-Light	20%	6%	7%	4%
5. Light	20%	1%	1%	1%
	100%	100%	100%	100%

Source: Nielsen

A SUGGESTION

Bozell, Jacobs, Kenyon & Eckhardt
proposed methodology for
measuring VCR playback

(A) Program rating w/o VCR activity	100
(B) Playback w/o fast-forwarding	0.6
(C) Percent commercial minutes not fast-forwarded	50%
(D) Reported playback (BxC)	0.3
(E) Final program rating (A+D)	10.3

promises, neither side is likely to be completely satisfied. But one thing is clear: Just as we've seen a leap forward toward reaching the "ideal" audience measurement with people meters, we will take another step forward next season with VCR measurement. ■

PLANNING

Michael Gross

Senior vice president,
associate media director,
J. Walter Thompson, New York



THE 10 COMMANDMENTS OF SUCCESSFUL PLANNING

In just about every advertising agency, the creative department goes to suppliers of stock photos. These photographic troves are a valuable resource containing pictures of every imaginable description.

Does the media department have a similar resource? Of course not. After all, media planners are like snowflakes: Each one is totally unique. They are always composed via a zero-based approach with a goal of maximizing effectiveness and efficiency. In addition to this, planners are constantly on the lookout for ways of bringing added value and an enhanced uniqueness to their recommendations. Therefore, how can there possibly be something like an "off-the-shelf," "stock" media plan? The concept makes no sense...or does it?

The fact is, many of our plans are of the stock variety. They may not start out that way, but once they begin to make the rounds of account groups and clients, they mysteriously begin to take on a certain sameness. To those of us who are veterans of this annual ritual, it becomes painfully apparent that approved plans follow certain unwritten guidelines that seem to be impressed upon the genes of many account and client types. (Disclaimer: None of what I'm about to describe is typical of my clients or account groups. These are descriptions of the clients and account teams of other advertising agencies!)

Without too much difficulty, one could set up a road map that can smoothly guide a planner through just about any planning season. Since the competence of the media group (as perceived by the client) may be directly

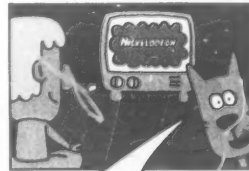
proportional to the number of revisions it takes to ultimately get to the client's vision of what the plan should look like in the first place, the idea is to know these rules. If one has been around long enough, one learns the tricks that lead to the path of least resistance. With my apologies to King James and Moses, let's call these tales the Ten Commandments of Planning.

The First Commandment: *Thou shalt always have an impactful level of prime time.*

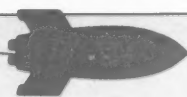
The first thing to do in almost all plans that use tv is to figure out how much prime time is affordable. Plan for the maximum amount that seems to make sense. This means one must try for as many weekly rating points and as many weeks as possible. If a reasonable amount of continuity is not affordable, load up as much prime as is humanly possible during the first quarter or quarter of peak seasonality. What is a decent level of weekly points? While that is dependent on the budget, two announcements a week seems to be the minimally acceptable level (one spot per week in case of emergency). Try for at least four spots a week. That will eat up a good deal of money, but remember prime provides "national broad coverage" in a "quality environment," something every product manager needs.

The Second Commandment: *Thou shalt avoid having too much daytime.*

If your target has a female component, the efficiency of daytime will probably force a serious investigation of this daypart. After all, it can "efficiently deliver a base of continuity and frequency." Clients accept the fact that daytime should be there, but they hate using it. Daytime is filled with



NICKEL



Reach Kids!

© 1988 MTV Networks

ECONOMIC EYE

CABLE'S REACH

Nielsen puts cable penetration at 53.8% as of November 1988. Seven of the top 20 tv-household DMAs meet or top that: Philadelphia (55.9%); San Fran/Oakland/San Jose (57.5%); Boston (63.5%); Tampa/St. Pete (57.6%); Seattle/Tacoma (60.1%); Miami/Ft. Lauderdale (56.0%); and Pittsburgh (66.5%).

MAGAZINE AD SCORECARD

	Ad images Nov. 1988	% change from Nov. 1987	Dollars spent (000)	% change from Nov. 1987
1. Skin care, Creams, Lotions and Oils	192.52	+10.2	8,465.0	+34.9
2. Lip and Eye Beauty Products	92.69	+6.4	3,884.7	+19.6
3. Scents and Fragrances	365.57	+10.3	10,542.3	+12.1
4. Facial Makeup Products	99.78	+3.5	4,340.8	+41.6
5. Prepared dinners and Entrees (including pizzas)	60.23	+25.9	3,624.9	+48.5
6. Liquor	525.28	-20.3	21,342.6	-20.5
7. Cigarettes	696.58	+17.6	38,743.5	+28.9
8. Soaps and Detergents	23.94	-50.1	1,278.0	-57.4
9. Passenger Cars, Domestic	617.75	+9.3	32,317.5	+6.7
10. Passenger Cars, Imported	682.58	+21.3	33,373.6	+20.1

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

	Feb.	% change	March	% change	April	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change
Network TV																
Daytime	80	-7	82	-7	78	-15	76	-18	73	-22	81	-17	73	-14	146	+60
Nighttime	148	+41	113	+13	99	-0	110	-0	122	+8	110	+0.3	118	+4	118	+11
Spot TV																
Prime time	130	-2	115	-12	125	-9	126	-8	125	-4	-	-	125	-8	141	+14
Daytime	108	±0	98	-9	95	-18	103	-13	93	-10	-	-	100	-14	107	+4
Network radio	129	-7	121	-4	116	+0	116	+2	116	+2	102	-0.5	111	+6	112	+5
Spot radio	106	+3	-	-	-	-	101	+3	-	-	-	-	-	-	105	+2
Consumer magazines	115	+5	115	+4	115	+5	115	+5	115	+5	115	+5	114	+5	116	+6
Natl. Sunday mags	116	+13	116	+13	116	+13	116	+13	116	+13	116	+13	128	+14	130	+10
Business publications	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5	118	+6
Newspapers	124	+7	124*	+7	124	+7	124	+7	124	+7	124	+7	124	+7	123	+7
Outdoor	123	+11	123	+11	123	+8	123	+8	123	+8	123	+8	123	+8	123	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

NOTE

Some charts and graphs were color-coded in the original document. While it has not been possible to reproduce these items in color, their equivalent values on the black-and-white scale are often distinct enough to convey the same information as the original colors.

MARKETING & MEDIA DECISIONS

FEBRUARY 1989 • \$4.00

NO PAIN, NO GAIN

● ● ● ● ● ● ● ●

Nuprin goes to a full-strength
attack on Advil in its
drive to become the leading
ibuprofen. But both must beat
Tylenol, the painkiller king.

Nuprin's Bob Merold
is leading the
charge on Advil's
category lead.



NUPRIN

0211 00161661 41 93 000000
CHRIS
PROFESSIONAL INF SVC
WEST HWY #300
20814
5-DIGIT 20814
B156
BU01
**

MARKETING & MEDIA DECISIONS



COVER STORY

THE PAIN GAME 34

The object is to take share away from the painkiller king, Tylenol. As the game unfolds, however, Bristol-Myers' Nuprin also is giving its category rival Advil a major headache.

FEATURES

NEWSPAPERS' NATIONAL UNDERGROUND 29

National ad dollars in newspapers are flat — or are they? Increasingly, national dollars are flowing into the medium through channels that avoid the national premiums. As publishers target national categories, it would help to know exactly where they stand.

CARS BY MAIL 41

Detroit is spending a lot of time and even more money on direct-marketing efforts to sell its cars. Videocassettes,

custom magazines, even floppy disks have been enlisted in the cause. The big surprise is that they seem to be working.

DECISIONS INDEX '88 45

This is the year that was. A special pull-out section provides a complete guide to all the columns, features and statistical analyses in *Marketing & Media Decisions* for 1988, plus photos from our All-Star bash.

SYNDIES SOUND OFF 69

Last month, advertisers presented their wish lists for changes in the syndication marketplace. This month, in our follow up, the syndicators tell what they're doing to make those wishes come true.

BRAND REPORT 159: CHINA, SILVER AND GLASSWARE 89

The finer things in life are finding their market is very fragile. Lifestyles, competition and the retail environment are really shaking things up.



DEPARTMENTS

PRO FILES 8

Paul McPherson brings years of McGraw-Hill expertise to FM Business Publications, a new business-publishing enterprise, and Stacey Lippman is media's main man at Chiat/Day.

DIRECT MARKETING 16

Roses, roses everywhere as 800-Flowers grows, and *Inc.* lists some direct-marketing winners among its fastest-growing, privately held businesses.

PRINT BEAT 17

Aiming to curb health-benefits costs with *Vitality* magazine . . . Comparability for PC publications . . . *Tennis/Golf Digest's* newest swing.

CREATIVE CONCEPTS 24

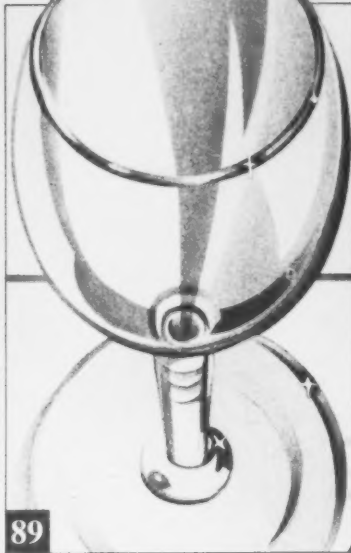
Some new tv campaigns make media part of their message to identify a product with an image or to create a synergy within a campaign.

20

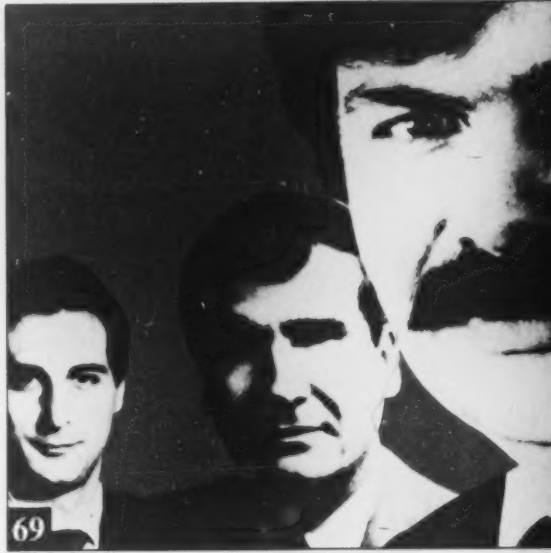
February 1989, Vol. 24, No. 2



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FREEZE FRAME 20

As cable emerges from under the protection of Capitol Hill, it faces challenges that could prove much more daunting than broadcast: the regional telephone companies.

BROADCAST BEAT 99

Tv goes to the dogs . . . Radio shifts to unit pricing . . . Arbitron builds a better mousetrap . . . Radio's new comedy network is no laughing matter.

SALES PROMOTION 102

The return of the freebie? Sampling has fallen out of favor, due in part to its high expense. New targeting techniques, however, are helping keep costs down and interest up in the something-for-nothing option.

TOOLS OF THE TRADE 104

Kraft is leading the way in putting a qualitative spin via computer on its network television buys.

ON THE DOCKET 108

Efforts to limit the number and type of outdoor ads that appear on our highways and byways have moved into the inner city.

ECONOMIC EYE 110

Anchorage as the VCR capital, our magazine category scorecard and Media Cost Index for October.

LAST WORD 112

New priorities in marketing call for new approaches to teaching in America's business schools, says Ron Kaatz.

AS THEY SEE IT

MEDIOLOGY Ed Papazian 75

Once again, print is beating up on television, to little effect.

MAGAZINES Cherie Crane 75

Those complex rate plans initiated by the newsweeklies are examined for benefits and drawbacks.

TELEVISION Ron Lawrence 80

The devaluation of the target rating point has to be factored into tv planning and buying.

RESEARCH Joshua Ostroff 84

Nielsen, egged on by now-extinct competitors, is evolving to keep up with the new Research Age.

THE PAIN GAME

Look out, Advil. Here comes Nuprin, and it's out to take away the lead. Its new ad campaign has helped tremendously in this race.

by Rebecca Fannin

New Year's resolutions are a dime a dozen, and they are most often made by those holding their pounding heads the morning after and vowing never again. However, there have been a couple of more interesting promises made for 1989 by the folks at Bristol-Myers Co. They have resolved to make their pain reliever, Nuprin, into the leading ibuprofen product, which means they will have to knock off American Home Products Corp.'s Advil brand in the process. And that's not all. The bold over at Bristol-Myers are saying they plan to give a mega-headache to Johnson & Johnson's mega-brand Tylenol, which is not just the top acetaminophen, but just about owns the pain-relief category.

"Nuprin is now established as a major analgesic and most definitely has the potential to be the dominant brand," declares Steve Bear, who a year ago became president of Bristol-Myers Products, which markets the drug. That type of bravado is rampant over at Bristol-Myers

NUPRIN

these days, which has gotten sick of playing catch-up in the ibuprofen segment. American Home's Advil beat Nuprin to market by a mere six weeks in 1985, but it was enough to let it snare and keep 50% of the segment's sales. Nuprin's a distant second at 22%. Bristol-Myers' game plan now is to squeeze Tylenol, which effectively means they will have taken out Advil first. "We're going against Tylenol because that is the painkiller used most," says Bob Merold, director of marketing. "And we want to fish where the fish are."

Indeed, Bristol-Myers is throwing out some pretty expensive bait. It has invested millions in new packaging and distribution systems for Nuprin. And it is spending \$31 million to back a new ad campaign that positions Nuprin as a little yellow pill that works better than two extra-strength Tylenol.

The results, so far, are certainly healthy. Merold notes that the ad campaign has helped Nuprin increase sales dramatically since its start last September. Over the past year, the ibuprofen category grew 9%, while leader Advil advanced 15% and Nuprin scored a 31% gain.

"Advil had a good chance of just owning the ibuprofen market because it was the first out," comments Dave Williams, a marketing consultant with New England Consulting. "But Bristol-Myers is too strong, too aggressive and too smart. Although they are a distant number-two, they are aiming to push Advil out of the lead."

That, of course, will not be easy. American Home Products is hardly a wimpy little company. Nor is subsidiary Whitehall Labs, which markets Advil.

Silent maybe, but wimpy, definitely not. Indeed, though the company routinely denies interviews, one manager, when contacted surreptitiously, noted that Advil, which spends \$43 million on ads annually, held its share throughout the year. Furthermore, he claims that Nuprin's sales slowed during the September/October 1988 Nielsen period.

Merold concedes that Nuprin's sales slackened during that two-month period, but he dismisses it as a "short-term aberration." He attributes the decline to J&J's Tylenol, which was introduced in a gel-cap form last September. The gel-cap is tamper-proof and easy to swallow. "They [J&J] did a ton of high-value couponing and delivered a lot of free samples, which cut into our sales growth temporarily," says Merold.

The continuing awesome strength of Tylenol is why Nuprin has switched gears to broaden its fight to cover the whole analgesic market. Overall, the total analgesic market totes up \$2 billion sales annually. Aspirin, the first mass-marketed analgesic, accounts for 40% of that, exemplified by brands such as Bayer, and buffered products like Bufferin. Ibuprofen, the newest class of pain-relief remedies, accounts for another 20% of the market. Tied with aspirin as the pain relief leader are acetaminophens, which made their name as products less irritating to the stomach. They command 40% of the market, with about 90% of that belonging to J&J's Tylenol.

Despite poisoning scares and scores of deep-pocketed competitors, Tylenol has remained the leading painkiller.

At Bristol-Myers, marketer Bob Merold is determined that Nuprin will succeed in overtaking Advil.





Sterling Drug's Panadol has been trying for years to unseat Tylenol's leading share, but millions of dollars later, it has only a 2% position to show for it. Ditto for Procter & Gamble's Encaprin. Tylenol's strength has proved so powerful that P&G spent more than \$100 million to launch Encaprin. After the brand only earned a 1% share of the acetaminophen market after two years, the company yanked it. Products like Anacin from AHP, and Bufferin from B-M, have also barely dented Tylenol.

Four years ago, both American Home and Bristol-Myers thought they saw another way to grab sales in the burgeoning analgesic market — one which wouldn't put them head-to-head with Tylenol. They centered their efforts on ibuprofen, a drug supposedly superior in relieving severe pain. Boots Pharmaceutical Co. held the patent to the drug, and it granted Upjohn nonexclusive marketing rights in the early '70s to produce ibuprofen. It marketed a prescription version under the name Motrin.

In 1983, the Food & Drug Administration approved ibuprofen for over-the-counter use. Boots granted OTC rights to American Home Products. Advil was the end result, and burst on the scene in 1984.

Upjohn, meanwhile, whose earlier agreement with Boots allowed it to produce ibuprofen in whatever form, waffled as to whether it wanted to get into the OTC fray. Finally, the company decided it had no consumer-marketing experience and didn't want to spend the huge sums necessary for an image-building effort. But it wanted to stay in the ibuprofen game. Instead, Upjohn sold marketing and distribution rights for Nuprin to Bristol-Myers.

Nuprin's more complicated and delayed launch cost Bristol-Myers dearly. Financial analysts point out that several other companies that had studied whether to enter the ibuprofen market decided not to for fear their late start would doom them to failure. (Boots' patent expired in 1985.)

At Bristol-Myers Products, the drill is to look to

the future rather than dwell on the past. "We have the packaging, the product, the clinical studies proving superiority and the advertising," declares marketer Merold. "One of the biggest challenges is that we have such a storehouse of powerful information that we want to get to consumers. Nuprin has great potential, and if you do it right, there is great payback."

If Bristol-Myers has finally got it right, they really should thank Upjohn. The pharmaceutical-maker, which manufactures Nuprin and reportedly collects 5% of sales from Bristol-Myers, did the original brand-identity work for Nuprin. Upjohn came up with the name, which stands for new aspirin. And the white packaging and all-caps logo give Nuprin a serious professional look, especially compared with the bright yellow and blue cartons for Advil, a name chosen to mean advanced medicine for pain. In addition, Nuprin's yellow color, chosen so that consumers wouldn't confuse it with Motrin's red pills, also looks cheery and is instantly identifiable. By comparison, industry observers say Advil's light-brown color looks drab.

But American Home did have several advantages from the start. Not only did it get into the market first, it also had a huge direct sales force. "They were able to bypass the wholesalers and go direct, and they got a lot more shelf space in drug store chains," points out Don Cowolsky, a sales manager at McKesson Co., a large drug wholesaler.

Now Bristol-Myers, he says, is beginning to catch-up. "Advil may have had the better sales force initially, but Nuprin now has the better marketing program," believes Cowolsky. "Nuprin is showing real strong increases." Agrees C. Lance Harris, vice pres-



The new campaign for Nuprin has helped to boost sales by 31% and awareness by 50%. Advil, meanwhile, sells pain relief.

ident at drug wholesaler Chapman Drug Co., "We're seeing Nuprin coming on very strong now. And a lot of that has to do with their new ad campaign," he adds.

After four tries in four years, Nuprin may finally have found a campaign that works. "We were looking for something to differentiate Nuprin, and finally we struck upon it," says Herb Lieberman, executive vice president at Grey Advertising, which handles the Nuprin account. "We laid all the analgesics out on a desk and most of them were white. We realized that if consumers thought this drug was fundamentally different from aspirin or Tylenol, they would be more willing to try it," he adds. Therefore, the commercials, shot in black and white, play up the fact that Nuprin is a tiny YELLOW pill.

If that doesn't strike you as an earthshaking development, the commercials do play up other points as well. Namely, the claim is made that Nuprin works better than two extra-strength Tylenol. "Yes, we are emphasizing some cosmetic differences," says marketing director Merold, but "there are real differences as well. Nuprin can be used for a range of benefits — to relieve headaches, backaches, arthritis — and it is superior to Tylenol," he insists. "Ultimately, as people learn this, there is no reason why Nuprin can't double its sales."

Bristol-Myers has also become more aggressive and innovative with promotional tie-ins that give the brand high visibility. This winter, for instance, Nuprin is advertising on ski telecasts as part of a U.S. Ski Tournament promotion. At major resorts, where a series of professional races are held, the ski patrol will receive Nuprin to distribute to skiers if they have a spill.

This month, Bristol-Myers is breaking a cable promotion on several sports programs aired by CNN and USA Network. In addition, it will sponsor a short, weekly segment that carries footage from events that sportscasters identify as causing the athletes the worst pain of the week. Nuprin ads will run during those spots as well.

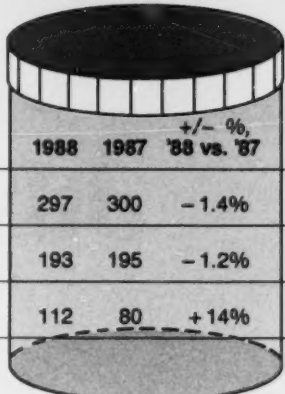
Bristol-Myers, which buys media in-house, directs about 70% of the ad budget to cable and prime-time television. Buyers look especially hard for appropriate vehicles, like coverage of the New York Marathon and health-

related programs on cable.

Another 20% of the budget is allocated to print. Women's publications get the nod, where the pill is advertised as a menstrual-pain reliever. Free-standing inserts that deliver 50-cents coupons are used a "couple of times per year," says Merold, who remains a proponent of brand-image advertising rather than price incentives to induce sales.

In addition, Bristol-Myers directs 10% of the total dol-

PILLS IN MILLIONS (sales figures, millions of units sold)



	1988	1987	+/- %, '88 vs. '87
Aspirin	297	300	-1.4%
Acetaminophen	193	195	-1.2%
Ibuprofen	112	80	+14%

Source: Nielsen Marketing Research

lars to professional marketing. Besides advertising in medical trade journals, the company has distributed several hundred million samples to doctors. "We want doctors to understand the superiority of Nuprin over other painkillers and to appreciate the studies we have pioneered about ibuprofen," says Merold. Last year, Bristol-Myers consolidated its professional advertising at Grey with subsidiary, Gross, Townsend, Frank & Hoffman. Previously, the account was at Marty Federer & Associates.

Nuprin's progress has not gone unnoticed at American Home, where one executive concedes that "Nuprin has a damn good campaign." One result is that American Home has gone on the attack. It has broken new ads that use more vibrant spokespeople and dramatic lighting, according to this manager. The ads, handled by Young & Rubicam, include consumer print that positions Advil as a remedy for headaches, arthritis and cramps. Tv commercials in 15- and 30-second lengths use spokespeople who have switched from either aspirin or Tylenol to Advil. Time is bought during prime time as well as on Hispanic tv stations.

Both companies have had difficulty in finding the right ad message. Nuprin's first ads in July 1984 traced its heritage, identifying it as the same type of medicine that doctors had written a hundred million prescriptions for. It was also described as different from aspirin or Tylenol.

But that campaign had to be dropped because of FDA requirements. The agency only permits new over-the-counter drugs to refer back to their prescription status for six months after introduction. A second series of ads showed Nuprin working to relieve specific symptoms, such as backaches and headaches. It too was short-lived. A third execution was launched in September 1986, when Bristol-Myers clinical studies showed that the brand re-



**Grey's
Lieberman
says Nuprin's
new ads have
been a real
breakthrough.**

lieves pain more effectively than Tylenol. Ads featured actor Mason Adams, the managing editor on the then-popular tv show *Lou Grant*, to announce this and establish the brand's credibility.

Still, the campaign was a controversial one, and J&J sued. But the FDA agreed with Bristol-Myers' claim, and the company prevailed.

Ironically, the campaign wasn't greeted well by consumers. "We had all these studies claiming Nuprin's superior pain-relieving ability, but sales weren't picking up," says Grey's Lieberman. "We found that in order to get trial, we had to differentiate the brand." The ads were pulled after five months while the agency and Bristol-Myers debated what to do next. Since the new campaign began emphasizing its tiny yellow pill status, Nuprin's awareness level has soared more than 50%.

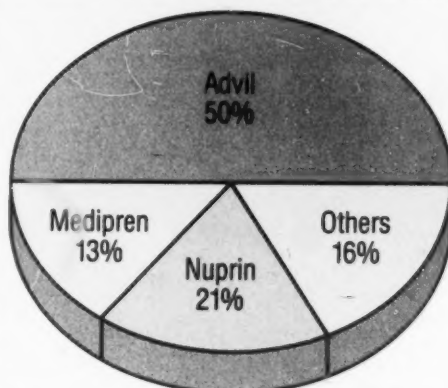
Advil also had a tough time finding the right image. It was first advertised as a revolutionary breakthrough, and made much of the fact that its main ingredient was previously available only in prescription form. But American Home was quickly slapped with a lawsuit from Upjohn, which claimed that the ads were misleading. It contended that the ads would draw patients from the prescription drug, which contains a much higher dosage of ibuprofen.

The color of Advil, a brownish-red, was also cited as being too close to Motrin's red color. In response, American Home altered its copy and color reproduction. The result was that throughout Advil's first years, positioning flip-flopped from one claim to another. "American Home could have swept the board clean," says Grey's Lieberman. "But they muddled the image."

Actually, both brands have been criticized for emphasizing too strongly that ibuprofen had originated as a prescription drug. Analysts point out that this positioning has caused a lot of consumer confusion, with the result being that the segment didn't meet sales expectations. Projections had been for the brands to reach 20% of the analgesic market within a year. But the two only managed 15%.

Now both have taken direct aim at acetaminophen and aspirin. Instead of chronicling the development of ibuprofen, ads state that the drug provides superior relief to

IBUPROFEN MARKET PROFILE (sales breakdown by market share)



Source: Bristol-Myers, Kline & Co.

% increase in \$'s '88 vs. '87

Advil	+15%
Nuprin	+31%
Medipren	N/A
Others	N/A

Tylenol and doesn't irritate the stomach like Tylenol.

However, aspirin sales have been on an upswing since a study showed that aspirin is a preventative against first heart attacks. And Bayer, Anacin, Excedrin and Bufferin may be a bigger source for worry once they can make that prevention claim in advertisements. They must first complete exhaustive studies to provide the FDA with substantiating data.

Nuprin and Advil brand managers may have another factor to fret over. Although their brands together claim nearly three-fourths of ibuprofen sales, Medipren from Johnson & Johnson is being advertised more forcefully. The brand, however, only controls 10% of ibuprofen sales. "J&J hasn't done better with Medipren because they have been in a Catch-

22," says Jerry Treppel, a financial analyst with Swergold Chefitz. "They want to protect Tylenol."

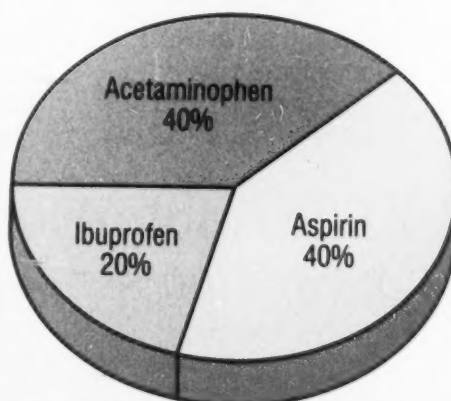
When Medipren was introduced two years ago, it was positioned as an arthritis pain reliever, avoiding Tylenol's turf in fighting backaches and headaches. But this fall, J&J broke a new ad campaign for Medipren that seeks to broaden the usage of Medipren for any kind of pain. "J&J has sat back for a couple of years, saying, 'Let the competition educate the consumer,'" observes analyst Saberton. "Now they are trying to benefit from their competitors' headway."

A small percentage of the market is reserved for generic brands. While a bottle of Advil is priced at about \$2.79 for 24 tablets, consumers can spend the same amount and get 50 of the generic variety.

The rest of the ibuprofen market is left to Sterling Drug's Midol 200, Upjohn's Haltran and AHP's Trendar. These companies, which jumped into the market in 1986 when the ibuprofen patent expired, chose not to go head-to-head against Advil and Nuprin. Instead, they are nestled in a \$65-million subsegment as remedies for menstrual cramps.

The only thing certain in the fragmented analgesic market is that it is big enough to battle over. What everyone is waiting to see is if Bristol-Myers will indeed keep its New Year's resolution. ■

1988 SHARES BY TYPE (breakdown for pain killer market)



Source: Kline & Co.

AS THEY SEE IT

MEDIOLOGY

Ed Papazian



THE FUTILITY OF TUBE-BASHING

I try to be neutral, but it seems to me that the print media are deluding themselves with their ongoing barbs against television. Recent anti-tv articles in *Time* and *Newsweek* (focusing on the growing number of tabloid shows such as *Geraldo* and *Morton Downey, Jr.*) are the latest manifestation of such thinking, which I feel is leading to a mistaken sense of complacency in magazine and newspaper publishing circles.

The anti-television party line is extremely predictable. It generally goes like this:

1. Television has lost much of its impact.

2. This is due to formatting audiences, the use of shorter commercials (resulting in more ad clutter) and the overall decline in the caliber of tele-

vision programming.

3. Hence, a significant portion of Americans — mostly the affluent and better educated — are not watching television to any major degree. The only way to "reach" them is with other media. (Magazines and newspapers, perhaps?)

However, the facts do not support such conclusions, and most tv advertisers have reacted to the erosion of major network ratings, quite sensibly, by simply buying time on the alternate forms of tv — cable, barter syndication, the new Fox network, independent channels and, more recently, home-video-movie releases.

As reported in my newsletter, *Media Matters*, the average American tv home resident spent 21 hours per week with ABC/CBS/NBC fare in the early 1950s, and this frequency has declined to a current level of 13 hours. On the other hand, competitive forms of television have risen from a mere four hours of weekly consumption to 15; except for public broadcasting and pay cable, these new tv options offer a plethora of commercial exposure opportunities and attract well over half of all tv spending. In fact, the Advertiser Syndicated Television Association recently suggested that advertisers could improve their national reach by increasing their use of barter syndication.

As for the issue of commercial effectiveness and lowered program quality, there is evidence that commercial exposure has declined somewhat over the years, although not horrendously, as some critics suggest.

No, television isn't falling apart. Instead, it is realigning its power structure and evolving with new program forms, commercial lengths, alternative networks and modern technologies to measure its audience (people meters, heat sensors, UPC scanners, etc.). While such developments may pose problems for the major networks, this trio represents only one component — albeit a big one — of commercial tel-

evision. And before we write the major networks off, it should be noted that their demise has been predicted before — in the early 1970s, just before they rebounded and scored their greatest revenue and profit gains.

The print media have many positive attributes that could and should be promoted aggressively. Instead of tube-bashing — a tactic that has never worked in the past — it would be more beneficial for magazines and newspapers to define their merits and develop new enhancements (networks, event sponsorship vehicles, positional and editorial tie-ins, etc.) to make them more attractive for contemporary marketers. ■

MAGAZINES

Cherie Crane

Senior vice president,
media director,
Ketchum Advertising, Los Angeles



DEMYSTIFYING THOSE DISCOUNTS

The newsweekly magazines were at the forefront of many publications that felt negotiating relegated their editorial product to that

The opinions expressed in the "As They See It" section are personal observations by practicing professionals. They are not those of the magazine.

of a commodity, purchased solely on CPM, with little regard for quality. Many agency media mavens agreed. Today, however, different advertisers with the same schedule in the same magazine can pay a very different rate. Does this mean that *Time*, *U.S. News* and *Newsweek* have taken up negotiating? No — not exactly.

The newsweeklies responded to pressure from the media-buying community for rate negotiation by creating sophisticated and complex discount plans. These plans were designed to work as an incentive. So were born ABIP, HDVIP, MAX and Matrix from Time Inc.; Match from *Newsweek*; and Flex, Redesign Bonus and HDVAP from *U.S. News*, along with multi-year commitments. These plans took dis-

The arcane discount plans offered by the newsweeklies do not change relative efficiencies, nor have they had a dramatic effect on ad-page performance.

counts to a new level, rewarding more than just volume, but including benefits for maintaining a schedule. There were more advantages for increasing your schedule and maximum discounts if you'd commit for the next two, three or four years.

This appears to make sound marketing sense. The advertiser gives the magazine a commitment, and the mag-

azine provides a favorable discount. That qualifies as negotiating. But where is the incentive? This apparent contradiction stems from two facts. First, competitive publications will not let another book develop an advantage. And the plans are too numerous and complex to work as an incentive.

A look at the newsweekly field, where these discount plans have been most prolific, shows they do not change relative efficiencies. *Time* magazine was the first to present an innovative discount plan. It initiated multi-year commitments, renewal discounts, share discounts, high-volume discounts and corporate discounts for Time Inc. books. It also made good use of limited rate increases.

Despite these innovations, there was little change in the relative efficiency of *Time* compared to *Newsweek* or *U.S. News*. ABIP was met by the Redesign Bonus Plan and MAX found its counterpart in Match and Flex. Two-year commitments were countered by renewal plans. Against our client's up-scale male demo, *Newsweek* remained the most efficient, followed by *U.S. News* and then *Time* (see Chart I).

There is little evidence that these discount plans work as an incentive. While overall pages are up in the category, *Time*'s multitude of plans has not increased its share of newsweekly pages and Match Plan didn't do much for *Newsweek* (see Chart II).

The same is true in pages. *Newsweek* declined and *Time* was up a modest 1.8% in pages, less than the category average (see Chart III).

U.S. News is the big winner in the share comparison, as well as in the comparison of pages. Carl Spangenberg, *U.S. News* associate director of advertising sales, believes, however, that the primary responsibility is due to factors other than the Flex discount plan. Spangenberg believes its increase is the result of "stronger editorial prod-

CHART I

POST-DISCOUNT COMPARISON BY TARGET

Publication	Open Rate CPM Page 4/C Bleed	Index	Earned Rate Index
Newsweek	\$70.22	100	100
U.S. News	77.05	110	105
Time	83.42	119	119

Source: Standard Rate & Data Svc., June 1988; SMRB 1988 (Men 35-54, HH income \$50,000, W 50% discount, out of home).

CHART II

SHARE COMPARISON

January—August Share

Publication	1987	1988	Index
Time	36.5%	36.4%	99
Newsweek	39.0	36.1	93
U.S. News	24.5	27.5	112

Source: Media Industry Newsletter

CHART III

PAGE COMPARISON

January—August Pages

Publication	1987	1988	% Change
Time	1,540.38	1,568.18	+1.8
Newsweek	1,646.8	1,554.59	-5.6
U.S. News	1,036.18	1,186.00	+14.5
Category	4,223.36	4,308.77	+2.0

Source: Media Industry Newsletter

uct and more effective selling." It could also be noted that "sale psychology" played a role in this increase as well. If something is on sale, we tend to assume it must be a good deal.

Time's sibling, *Fortune*, also says its increases are not a result of MAX. "MAX is not used as a planning tool," according to *Fortune*'s Los Angeles account executive, Jeff Young. While pages are down 2% among the three leading business books, *Fortune* is up 8% (see Chart IV).

Sheer complexity and number make these newsweekly discount plans unworkable as a planning incentive. It is beyond the skills of a planner with two-to-five-years experience to understand and calculate the myriad multiple-year plans and compare discounts.

This puts the planner at the mercy of the sales rep. The sales rep will pull open rates for the past three years of your schedule. The sales rep will do the calculations and compare all of their plans for you. Many of the reps, however, were not math majors, and we have found six-figure bonuses in the discount plan not recommended by the

CHART IV

BUSINESS BOOK PAGE PERFORMANCE

January—August Pages

Publication	1987	1988	% Change
Business Week	2,818.84	2,742.32	97
Forbes	2,363.20	2,170.80	92
Fortune	1,846.26	1,988.35	108

Source: Media Industry Newsletter

sales reps with all their printouts. This kind of payoff will justify the agency's time.

Further, a planner with the mathematical skill, the time and the patience to evaluate all of the discounts can be worth his weight in gold. (You'll want to keep that person, too, because next year the plans will all be different. Few of the original plans, such as ABIP and Redesign Bonus, are still around.) Still, after all the calculations were complete, the discounts did not change relative efficiencies from open rates and did not do anything a simple dollar volume discount couldn't do much better.

The complexity also translates to selectivity — a synonym for negotiating. It is selectivity that creates inequalities between advertisers with the same schedule. Base years, minimum spending and discount year definitions that vary from contract years all provide a means to isolate advertisers who earn the more attractive discounts while not going off the rate card.

Selectivity allows a publication to push stand-by space for a 35% discount, or to qualify an advertiser for retail rates with an 800-number. When a specific advertiser with a schedule identical to yours gets a break, the publication can point to the rate card. What you get are rates that one advertiser can qualify for and another with the same volume cannot. But because it's on the rate card, the magazines don't call it negotiating.

As a beneficiary of *Sports Illustrated*'s base year, we can still admit that a standard base year for all advertisers unfairly rewards some advertisers. *Sports Illustrated* uses a base year prior to the introduction of a new division for our client. *Money* magazine, also

from Time Inc., uses a base year identical to that client's introductory year. The two magazines have a similar schedule and our investment has grown in the same proportions over the last three years. We qualify for *SI*'s base year criteria, however, and not *Money*'s. Consequently, we earn an additional 16% discount on *SI*.

Discount structures can isolate image advertisers from tonnage advertisers with the same schedule in the same publication. Multiple magazine discounts benefit large advertisers with diverse divisions and diverse magazine lists. They benefit tonnage advertisers uninterested in environment. They do not benefit an image advertiser that would prefer to apply the discount to the publications that earned it through volume and frequency.

Corporate magazine plans often support publications that are unable to attract advertising on their own merits. Discounts are structured as, literally, a deal "you can't refuse." By adding a publication, you can increase your discounts to a level that reduces your bottom-line cost. Be forewarned, however, that editorial environment, a key criteria for the image advertiser, takes a back seat.

Share discounts are also selective in whom they benefit. They can provide a greater discount for a smaller advertiser provided it reduces its space in other publications. This is another first attributable to Time Inc. — rewarding advertisers not for increasing their Time Inc. spending, but for cutting spending in other magazines. You can't blame a loyal advertiser who rebels when a smaller advertiser is able to earn a discount that the larger advertiser can't qualify for despite a large increase in dollar volume. ■



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TELEVISION

Ron Lawrence

Senior vice-president, media director,
D'Arcy Masius Benton & Bowles,
Los Angeles



THE BATTLE FOR ATTENTION

No one with even the most rudimentary sense of economics would ever suggest that \$100 in 1989 has the same buying power that it did in . . . oh, I don't know, pick a year. Let's say 1975, 14 years ago. In actuality, it now takes over \$220 to buy what \$100 would back then, according to the U.S. Bureau of Labor Statistics. Inflation is an understood and accepted fact of life. To deny its existence would be, in Mr. Spock's word, illogical.

Yet in the world of advertising communications, this sort of illogicalness is far too much in evidence, particularly as it relates to media planning for television. For example, there is often an implied assumption that 100 1989 target rating points (TRPs) buys you the same kind of representation and impact

in the medium that it did in 1975 and in even more recent times past.

It's not just a reach/frequency issue. By this time, hopefully, we all recognize that the audience comes born of the "People Meter Age" tend to be much lower than we once assumed them to be. We now see reach curves commonly falling 10-15% short of where they once were during the "Diary Days." And maybe that's cool. After all, it's all relative, and there's probably no reason to reinvent the wheel over this issue, since it's still rolling in the same direction. But my real concern is not how far reaching, say, a 300 or 400 TRP flight is today, but how much "oomph," or impact, does the plan have left when it gets there.

Consider the battle — and it is a battle. The enemy is the tv viewer who is either consciously or subconsciously trying to avoid my client's message. And even when the viewer calls a truce and agrees to give us his or her attention, the cluttered commercial landscape makes it extremely difficult for anyone to decipher and remember just what we were trying to say.

The terrain over which a tv commercial must travel today in order to achieve "breakthrough" is filled with many land mines, not least of which include:

- *Passive Viewer Avoidance:* The viewer, in an almost Pavlovian reaction to a break in programing, commences to indulge in any number of activities — talking, reading, making a snack, going to the john, etc. This is no revelation. Certainly this type of behavior has been going on since the days when Uncle Miltie was king.

- *Active Viewer Avoidance:* The viewer, purposefully and with malice aforethought, seeks to avoid our mes-

sage. While this is hardly a new phenomenon, it is one that has been measurably facilitated by the new technologies. The burgeoning availability and use of VCRs and remote-control devices, coupled with so many more program options, has enabled the dis-

A variety of factors are busily redefining the value of today's tv target rating points.

gruntled viewer to zip and zap at will.

The jury is still out as to exactly what extent this type of "aberrant" behavior is taking place. Nevertheless, the various factors affecting this issue should be cause for much concern, as Chart I indicates.

- *Commercial Environment:* The plethora of commercial messages on the air today versus yesterday is simply staggering. Chart II shows rounded estimates and '88 projections, based on reported BAR data, for an average

CHART II

AVERAGE NUMBER OF NET TV COMMERCIALS PER WEEK				
	1975	1980	1985	1988
Total:	3,500	4,075	5,125	6,250
(Index):	(100)	(116)	(146)	(179)

Source: Broadcast Advertisers Reports.

number of network tv commercials per week.

Note that for the purpose of simple illustration and readily accessible data, the chart recaps only the network tv environment. In short, the number of commercials on air has nearly doubled in the last 13 years. Further, imagine how much more cluttered the situation becomes in any given market for any given affiliate, when two to four minutes per hour of local commercial time are added to this base.

CHART I

THE GROWING OPTIONS

	1975	1980	1985	1988
% HH VCR Penetration	-0-	1	21	59
% HH Remote Control	*	*	29	54
% Cable HH	13	23	46	53
Avg. # Stations/Channels Available Per HH	7	9	11	12

Source: TV Bureau of Advertising; TV Dimensions 1988

*Not measured in Nielsen during this time; estimated at less than 15% in 1980, "negligible" in 1975.

● **Commercial Length:** Once upon a time, the commercial world was characterized by sponsorships and almost exclusive use of 60-second units. By 1970, at least two-thirds of all inventory was in the form of :30s. Today, while not yet dominant, :15s, in just three short years, have become a standard unit of acceptance by agencies, clients and the tv medium alike. (See Chart III.)

Taken as a whole, it's not a pretty picture. We've got an audience trying desperately to escape and trick us at every turn. And when we do get their attention, we stand an excellent chance of losing it in an avalanche of competitive activity.

One industry trend source (*TV Dimensions*) estimates that the cumulative effect of these factors is that 40% of a prime-time audience remains fully attentive and 24% partially attentive. This leaves 36% of the audience, in effect, "out in space," out of the room or playing with the hardware.

What is our most immediate response to all of this? Better creative. We point to the need to make more

CHART III

THE SHRINKING SPOTS

Commercial Length	% NETWORK UNITS			
	1975	1980	1985	1988
- :60	6	2	2	2
- :30	93	96	84	61
- :15	-	-	10	36
All Others	1	2	4	1
	100	100	100	100

Source: TV Dimensions 1988; BAR for first six months, 1988

riveting and exciting commercials to stimulate a higher level of viewer interest. No argument there. That's like coming out in favor of mom, apple pie and lower cholesterol levels. Still, despite this good intention, it is not always easy to realize. The development of "breakthrough creative" is hampered by growing industry restrictions, ever rising production costs and more sophisticated research leading to more optimized but homogeneous strategies. In other words, we're all starting to sound alike.

Still, a better creative product is only

part of the solution. Even great creative will fail if backed by lack luster, knee-jerk plans.

And this gets back to my original concern. Our media plans today are only shadows of what they once were because, in the face of a changing tv environment, we still too often try to cling to our comfortable historic definitions of what constitutes low, medium and high levels of weight for our client categories. And we tend to pass this legacy on from one media-planning generation to the next.

Granted, our plans do have a different look and feel to them than in times past. But this is usually the result of attempting to stretch budgets beyond their natural limits. For example, we switch to :15s for reasons that are driven by economics. Before long, we convince ourselves that the use of shorter units is the smarter way to go, rather than recognizing it for the fall back position that it really is. Similarly, we extol the virtues of alternative dayparts and programing sources such as early-evening syndication. After a while we forget that the high cost of network prime drove us there in the first place. And really, if we had our druthers, we'd take a top-20 network show any day of the week over the best syndication currently has to offer.

Sometimes we even shift weight to other media and play back its benefits in tv terms as we do with the use of radio and its potential for "image transference." Soon, we find ourselves wondering if there really is a further need for visual reinforcement once a commercial has been on tv for all of one or two months.

On the executional front, we talk about fighting harder for more favorable pod positions, naive to the im-

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possibility of consistently bringing off such good intentions in the long run.

This is not to suggest that these options should not be explored or that they have no value. They are viable, and they do enhance a plan when used appropriately. The problem is that all of these types of maneuvers are based upon a strategy of *recutting* the media-weight pie or *substituting* ingredients, rather than seeing the need to *increase* the pie itself.

All avoid the consideration that the greater the presence on air, the greater

the opportunity to catch the viewers' attention and therefore increase the chances of a successful campaign. It almost becomes a matter of statistical probability. To use the battle metaphor once more, you can improve the skill of your troops and upgrade the caliber of their weapons, but sometimes it still comes down to a matter of not having enough troops.

Beyond theories, I've seen this work time and again. Yes, it means budget increases or significantly reduced periods of time in which we can be on

the air effectively. At times, it may even mean staying off the air altogether. Then so be it. We're not doing ourselves or our clients any good by trying to ignore the devaluation of a commercial TRP. Frankly, that is akin to suggesting that \$100 today has the same value as it did 10 or 15 years ago. ■

RESEARCH

Joshua Ostroff

Associate media director,
Hill, Holliday, Connors,
Cosmopolos, Boston



TELEVISION RATINGS AND THE THEORY OF EVOLUTION

The evolution of species, according to current theory, may be summarized as long periods of gradual or no change, punctuated by brief episodes or rapid adaptation or re-ordering in response to external events. Though Charles Darwin might take exception, it's just this sort of genesis that provides a suitable framework in which to discuss the national television ratings situation.

The period of time preceding 1987 — the Lower Nielsen Period — was a simple one marked by gradual change in ratings diaries and samples. Primitive man lived by Nielsen alone, a bit ignorant perhaps, but nonetheless at ease. That peace and harmony suddenly was shattered by the arrival of the people meter, a meteor portending great change. The 1987-88 television season witnessed an explosion of life-

Somewhere
a child lies crying

Somewhere
an old man shivers
in the dark

Somewhere
a family's dreams
burn to the ground

Somewhere
somebody needs help.

Please support your
local chapter.



American
Red Cross

Because somewhere
is closer than you think.

Ad
Globe

BRAND REPORT

No. 159: Tabletop

TABLE MANNERS

by David Kalish

Nursery-rhyme lore has it that the plate ran away with the spoon, and in real life, that romance is being played out in the tabletop world by big-name, powerful marketers like Wedgwood China and Waterford Crystal.

The acquisition of Wedgwood, the leading English fine and bone china company, by Waterford Glass Group

in October 1987 is a sign of the growing trend toward consolidation in the fragmented \$3.3 billion tabletop industry. Beset by shrinking profits in a deeply competitive field, tabletop companies that once concentrated on crystal or china are expanding beyond their traditionally narrow bases.

The idea to spread into more profitable lines is just one more way com-

TABLETOP MEDIA EXPENDITURES \$(000)
January - September 1988

	Waterford Crystal	Lenox Dinnerware	Oneida Stainless Tableware	Wedgwood	Durand	Baccarat	Towle	Gorham	Royal Doulton	Noritake	Reed & Barton	Orrefors	Mikasa	Sasaki
9-Media Total	3,114.3	3,089.7	2,061.0	1,652.8	1,343.6	930.7	775.0	733.1	494.9	441.2	401.5	385.5	214.9	48.2
LNA														
Magazines	2,902.8	2,999.0	2,061.0	1,477.9	602.3	930.7	775.0	733.1	494.9	441.2	401.5	385.5	200.2	48.2
LNA														
Newspaper														
Supplements	211.5	60.4		149.5	112.1								5.0	
Media														
Records														
Newspapers				25.4	72.7									
Outdoor		30.3											9.7	
Bar Spot														
Television					371.6									
Bar Cable TV														
Networks					184.9									

Source: Leading National Advertisers/Broadcast Advertiser Reports/Media Records. No advertising reported in network tv, syndication or network or spot radio for profiled companies.

panies are adjusting their marketing plans to the shifting tastes of America's consumers. Wedgwood, after being acquired by Waterford, recently expanded its line of china, as did another leading china marketer, Lenox. Traditionally a field of specialists, with hundreds of companies vying for a slice of one of three tabletop segments — dinnerware, glassware and flatware — luxury tabletop players increasingly are becoming full-resource companies.

Troubling statistics tell the slow-sales story. In 1987 dollar sales of flatware edged up 2.5% to \$825 million, glassware increased a slim 2% to \$1.3 billion and dinnerware brought up the rear by slipping 1% to \$1.2 billion, according to Packaged Facts. Overall dollar volume is expected to increase only 1% each year over the next three years, with this year's projected sales revenues at \$3.4 billion.

Beyond consolidations, tableware manufacturers are redirecting their advertising campaigns to take advantage of the trend to marry later, which has led to more ads in upper-crust publications like *Connoisseur* and *Travel & Leisure*. The bridal market accounts for 15-21% of tabletop purchases, according to Packaged Facts.

But efforts to buttress sagging sales face an uphill battle — particularly in the lackluster silverware market, where small unit volume and unpredictable silver prices made profits few and far between. While consumer glassware and household tableware prices have risen slightly since 1985, flatware prices are down. Three years ago Towle Manufacturing, after expanding too rapidly, went into Chapter 11, a financial situation that the sharply down-sized company is only now beginning to climb out from. Says Harmon Stein, president of Retroneu, an upscale flatware company based in Garden City, N.Y., "We are working on lower margins now than we were several years ago."

Nevertheless, industry executives say the outlook for silverware, which comprises the second-largest flatware segment after stainless steel, holds promise: Trends in population and national preferences point to an impending resurgence. For starters, there's more consumer interest of late in silver products, with antique shows enjoying

a renaissance of sorts. Also, there seems to be a rebirth in formal weddings in the United States. A 1988 survey by *China, Glass & Tableware* magazine shows 60% of department stores reported increases over 1986 in bridal registrations.

Tableware problems are rooted in the flood of cheap imports, which forced marketers across the board to cut into profit margins these past five years by discounting prices. Compounding things is the weak brand images of tabletop items. The small-margin industry is notorious for spend-



Lenox vies with Royal Doulton for the head of the table in fine china.

ing very little on advertising — most annual budgets are less than \$1 million.

Television advertising is virtually unheard of, with the vast majority of dollars plowed into magazines. Ad directors at magazines that appeal to the affluent report times are good for tabletop advertising. They credit tabletop companies' more targeted efforts to reach an older bridal market, which is forcing an expansion of the print buy to include magazines beyond *Brides* and *Modern Bride*. All told, tabletop ad spending was \$29.8 million in 1987, according to BAR/LNA, up roughly \$200,000 from 1986.

Frustrating the industry is the recent wave of closings and consolidations in the department-store business — led in 1988 by Campeau's acquisition of Federated Department Stores — which diminished the number of outlets for tableware. This made it murderous to get the prime display space crucial for

selling high-ticket items. Says one industry observer, "It's more difficult for smaller companies to get on the shelf. It's the type of environment where the strong get stronger."

With most tabletop companies privately-held or owned by foreign corporations that do not break out U.S. sales, reliable figures on annual sales of most large U.S. tabletop companies are unavailable. However, a rough picture of the industry begins to emerge using a combination of research sources and interviews with executives and observers.

Lenox, a division of Brown-Forman Co., is considered the leading luxury dinnerware company, with its current dollar share of the fine china segment at roughly 30%, according to Macomber Associates, a Newburyport, Mass., research firm. Following is Royal Doulton, with roughly the same share, Noritake with 15%, Wedgwood with 12% and Mikasa with 8%.

In the fine crystal segment, Waterford leads with 28.9% of 1988 dollar sales, according to Macomber. Following is Lenox with 23.5%, Mikasa with 11%, Gorham with 10.66%, Sasaki with 2.8%, Orrefors with 2.5% and Durand with 2%.

In flatware, Oneida is the runaway leader, with extremely strong sales in stainless steel, followed by silver-smiths Reed & Barton, Towle, Gorham and Retroneu.

The following segments of the tabletop industry focus on those companies that dominate the upstairs, or luxury-sales departments of retail outlets, as opposed to mass-merchandise marketers like Corning, which generally sells their lower-priced wares in department stores' budget areas.

FINE DINNERWARE

Lenox

Lenox China, the leading U.S. manufacturer of fine china with roughly 30% of total sales, is undergoing a drive to widen its dominance in the upscale dinnerware category. In 1988 the Lawrenceville, N.J., company introduced a line of white bone china to complement its traditionally ivory-colored ware. The introduction comes after the disappointing launch of Lenox's Bouquet line, a foray into the dis-

counted dinnerware market. All told, Lenox has six dinnerware lines ranging in price per place-setting from \$80 to \$300. Lenox claims its popular Charleston is the best-selling formal pattern in the bridal market.

The company's primary target is women 18-49 with a household income of roughly \$30,000. To reach them, it spent \$4 million last year in advertising

Lenox has opened its print mix to general-interest, upscale titles.

and plans to sustain that level in 1989. The bulk of that money — 40% — goes into bridal publications (half of Lenox's business is marriage-related). But with people marrying later, and presumably having more money to spend as a result, Lenox has begun advertising in *Elle*, *Vanity Fair* and other sophisticated lifestyle publications. FCB/Leber Katz is currently looking for an alternative to freshen up the existing Lenox print tagline, "Because art is never an extravagance."

Lenox dinnerware, 90% of which is manufactured in the United States, can't be found in mass merchandise stores like K Mart and is instead distributed in virtually all upper-end department stores.

Royal Doulton

Royal Doulton, which says it sells more bone china than anyone else in the world, controls roughly one-third of U.S. sales of fine china, Macomber reports. Doulton markets four lines of fine and bone china dinnerware in the United States, including Royal Doulton (which accounts for the greatest share of U.S. sales), Royal Albert, Minton and Royal Crown Derby.

S. Pearson & Son, the British owner of Doulton, spent \$447,000 on U.S.

advertising in 1987, all of it in magazines, LNA reports. Doulton's broad line of fine and bone china aims for both the young bridal market and older, more affluent consumers. Heavy competition in the bridal arena forced Doulton to heavily discount its Moselle and Majestic collections.

Noritake

Noritake Co. Inc. of Secaucus, N.J., a private Japanese-owned firm that sells primarily fine and bone china dinnerware, dominates the young bridal market and claims to sell the largest volume of upscale dinnerware in the United States. With a marketing strategy that emphasizes price point and volume sales, Noritake recently introduced more sophisticated patterns that incorporate oriental and geometric designs. Place settings cost \$20-\$150 for a set.

While over 50% of Noritake's business is marriage-related, the company's 1989 media buy reflects a broadened effort to extend beyond just bridal books and reach couples who have been married for several years. "We've increased the number of pages in shelter and epicurean books from five years ago," says Floyd Sullivan, Noritake's Chicago-based advertising manager. For the first time in 1989, Noritake ads appear in *Architectural Digest* and *Essence*, increasing the total ad budget about 25% to \$500,000-\$750,000.

Wedgwood

Wedgwood, following its acquisition by Waterford Glass Group in 1987, began a drive to upscale its entire line of fine bone china dinnerware. Last year, the company introduced a new luxury bone china called Royal Court that costs a pricey \$135-\$200 per place setting. "The aging of the bridal market falls right into our laps, with working couples who have more spendable income," says Timothy DeVine, senior vice president of sales at Waterford Wedgwood Inc., based in Wall Township, N.J.

With strong post-merger marketing emphasis on the bridal market, Wedgwood said it spent roughly \$2.5 million on 1988 advertising, with heavy ad runs in the *New Yorker*, *Architectural Digest*, *Better Homes and Gardens*,

and *Elle*, as well as in *Brides* and *Modern Bride*. New ads dramatize the English company's history-steeped background, with one provocative effort claiming, "The Duke gave up his kingdom for the woman he loved, then surrounded her with all things beautiful," including Wedgwood china.

Wedgwood is a well-established brand in Australia and Europe, but Waterford's formidable strength in the United States is lending marketing clout to the new dinnerware division, helping to win it favorable display space, according to DeVine. Wedgwood said it had \$50 million in U.S. sales in 1988.

Mikasa

Mikasa, by coincidence also a Japanese-owned company based in Secaucus, N.J., saw its dollar share of fine dinnerware slip in recent years. Mikasa has been both a victim of the dollar's fall against the yen and of an overextension into patterns that did not prove popular. A high-volume marketer that relies on price advantage to ring up sales, Mikasa's claim to fame traditionally has been its vast array of dishware patterns. "Every six months we introduce more patterns than the entire industry does in two years," boasts Rob Wheale, director of marketing.

However, the large number of patterns may have become a liability. The company was forced to retrench over the last few years, reducing the number of product offerings and raising prices.



A wide range of patterns has chipped away at Mikasa's share.

Mikasa's fine-china share slipped from roughly 18% in 1983 to under 10% last year, according to Macomber.

With a volume share of the dinnerware market that *Chain Store Age* estimates at 33%, Mikasa of late has regained respect from upscale retail outlets after initially earning a mixed reputation for extensive discounting. Following a leveraged buyout in 1986, the company tried to reposition itself as more of an upper-end marketer. "At one time Mikasa was thought of as 20%-30% off," Wheale says.

In addition to ads in magazines such as *Brides* and *Modern Bride*, Mikasa advertises extensively on a co-op basis at the store level. The company is about to embark on some direct-mail advertising.

GLASSWARE/CRYSTAL

Waterford

Waterford, the largest U.S. marketer of cut-crystal stemware and giftware, racked up \$150 million in U.S. sales last year, Waterford Wedgwood says. Waterford's business doubled over the last four years, and the company experienced a 21% increase in sales volume last year.

Waterford, which controls the upper-middle to upper end of the market, has 30% of its business in stemware, 60% in giftware and 10% in lighting ware. With Wedgwood as its marketing partner, Waterford is poised to expand into its sister company's strongholds like the Orient and Europe, while tightening its grip on the U.S. crystal market.

Waterford has maintained its hold in the crystal segment with a consistently well-endowed national advertising budget, with only Lenox's coming close in tabletop. With more than \$5 million spent in 1988, the company's print ads stress the artistry of the product, claiming, "Each piece is a signed original made by hand, as it was two hundred years ago." Waterford advertises in a wide range of bridal, shelter and upscale publications to reach its marriage-age and affluent consumers. The largest chunk of its sales are in fine department stores like Bloomingdale's and Marshall Field's, but jewelry-store chains and boutiques also comprise an important sales segment.

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Guide SM



WHERE THE ZAPPER'S AT.



Waterford had \$150 million in U.S. sales last year.

Waterford, which does not actively discount its products, doesn't sell in discount chains.

Lenox

Lenox, the number-two crystal company in the United States, gained an additional 4% of the U.S. fine crystal market in 1988, bringing its dollar share to 23.5%, says Macomber.

To stave off the effects of deep discounting in the category, Lenox has focused its line of fine-crystal stemware and barware on the high end, with stemware prices ranging from \$21-\$55. "There's a shakeout at the expense of Mikasa," asserts Tom McInerney, vice president of marketing at Lenox China/Crystal Division of Lenox Inc. in Lawrenceville, N.J. "Consumers are trading up to higher ticket items. Retailers are cramped for space." Lenox has preserved its position by convincing retailers to set up Lenox shops inside such stores as Marshall Field's and Macy's.

Lenox, whose tagline is "The Crystals of Lenox," spent \$172,000 on magazine advertising in 1987, according to LNA, to promote its crystal stemware patterns.

Mikasa

As in fine dinnerware, Mikasa saw its dollar share of the U.S. crystal market diminish in 1988, from 17.3% to slightly over 11%, figures Macomber. Mikasa's best-selling line of mid-priced stemware is the Art Deco-inspired frosted Sea Mist.

Mikasa is considered one of the wave of importers that flooded outlets with less expensive glasses, leading to discounting wars. While Mikasa surely still discounts, the company recently introduced Signature, a new upscale crystal collection that it doesn't discount and can be found in high-end stores. Adds Mikasa director of marketing Rob Wheale, "Our discounting is not as severe as in the past. We used to have 50% off."

Mikasa focuses advertising on the local level, with regional media outlets instead of national magazines drawing the bulk of ad dollars.

Gorham

Gorham Inc., a marketer of glassware and silverware — it sells over 4,000 products — is the latest example of how the weak tabletop market has made companies vulnerable to profit-minded parent companies. In December, Mount Kisco, N.Y.-based Dansk purchased Gorham from Textron Inc. for an undisclosed price. Gorham had seen its dollar share of the crystal market slip from 12.9% to 10.7% last year, Macomber reports.

While Gorham's strongest-selling products are silver, the company's crystal stemware line includes an assortment of heavy-cut patterns and light-blown designs. Gorham says no marketing changes are planned in the aftermath of the ownership change, but the company recently refocused its advertising campaign to embrace all its tabletop products. The image-oriented approach was backed with a 150% ad budget increase last year, a company executive said. BAR/LNA lists Gorham's ad expenditures for crystal at about \$60,000 in 1987, the year prior to the ad budget's sharp increase.

Sasaki

Sasaki USA, whose share of the fine-crystal market fell from 3.2% in 1987 to 2.8% in 1988, according to Macomber, is another Japanese owned company whose share slipped due to the dollar's fall against the yen. With prices ranging from \$20 to \$35 per stem, Sasaki sells its line of contemporary and traditional designs in the ritzier department and specialty stores.

Most of Sasaki's ad budget — LNA lists it at roughly \$50,000, but com-

pany officials said it's at least ten times that — goes into co-op ads. Sasaki also sells flatware and dinnerware.

Orrefors

If glassware companies were ranked by the beauty of their advertising campaigns, Orrefors would win hands-down. Until a few years ago, the Berlin, N.J., company, owned by Orrefors Glasbruk in Sweden, was popular abroad but had poor recognition in the United States. Then it launched a haunting print campaign in 1986, "What it holds is your imagination." A new campaign appearing in major consumer magazines, at a cost of more than \$1 million, emphasizes the craftsmanship evident in the company's line of goblets, barware and giftware. "We're the first one to go after the men's market," says advertising director John Smart, pointing to ads in *GQ* and *Esquire*.

Last year, reports Orrefors, the company's sales burst wide open, increasing roughly 70%. Orrefors 1989 product stock is already sold out because of the limited production capability of its sole Swedish manufacturing plant, where a new platinum-lined glass-producing tank is now under con-



Orrefors puts the accent on quality.

struction. Orrefors products retail for less than Waterford and Baccarat.

Durand

Durand International maintains that its parent company in France is the world's largest producer of consumer glassware. The U.S. affiliate of J.G.

Durand in Arques, France, claims roughly one-third of total U.S. glassware sales, but had only 2.2% of U.S. dollar sales in the fine-crystal category in 1988, finds Macomber. The company's strength is in less expensive consumer glassware, and its sweeping product line includes regular glass, lead-crystal stemware, barware and giftware and opaque white cookware and bakeware.

The company's "Touch of Elegance" print campaign for crystal, priced by BAR LNA at \$2.2 million in 1987, includes ads in trade and consumer magazines, with lower-end products advertised in *Family Circle*.

Baccarat

While Baccarat has a small percentage of U.S. crystal sales, the company's familiar upper-end name makes it an important tabletop player: Claiming double-digit sales increases each of the last five years, Baccarat's U.S. sales are estimated at more than \$20 million for 1988.

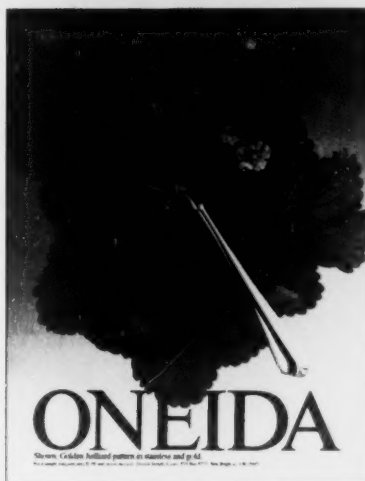
Owned by Compagnie des Cristalleries de Baccarat in Paris, Baccarat's crystal imports include stemware, barware, vases and decorative and gift pieces, ranging in price from \$60 to \$30,000. Baccarat's black-and-white print ad campaign appears in *The New Yorker*, *House & Garden*, *Vanity Fair*, *Gourmet* and *Architectural Digest*, as well as in newspapers on a co-op basis.

FLATWARE

Oneida

Oneida Ltd., the world's largest producer of flatware, dominates the U.S. market with an estimated 40% share in stainless-steel flatware and 50% share in silverplate, according to Packaged Facts. Its award-winning ad campaign, budgeted at \$3.6 million in 1989, is among the most expensive and extensive in the tabletop business. Thanks to aggressive marketing and high-brand awareness, Oneida managed to survive years of sluggish silver flatware sales. After a restructuring of its silver division in 1986, Oneida's silver line once again became profitable.

In addition to full-color ads in more than 20 different consumer magazines, ranging from shelter to upscale to bridal books, Oneida gives away prod-



Oneida leads in both stainless and silver flatware.

ucts on popular television game shows. The print ads, which show one piece of flatware in an apparently unrelated environment — a fork on a bed of grass, a knife in a potted Brassolaelio Cattleya plant — have helped the company garner 15 Clios over the last ten years. The most recent Clio accolade came in '88.

With frequent updates of its traditional lines to appeal beyond Middle America, Oneida has identified its primary consumer group as mostly affluent, home-oriented women in their 30s, the majority of whom are employed, married and own their own homes.



Reed & Barton is after a fashionable image.

Reed & Barton

Reed & Barton, based in Taunton, Mass., considers itself the "Cadillac of the silverware industry." Its sterling silver flatware and silver-plated flatware unmistakably are upper end, with prices for a four-piece sterling setting ranging from \$150 to \$200.

Hoping to expand beyond its traditional bridal market, the company now skews its media buy to fashion, lifestyle and shelter books. Aiming to attract upscale buyers of at least \$50,000 annual household incomes, the company's roughly \$750,000 ad budget in 1988 bought space in upscale books like *Bon Appetit*, *The New York Times Magazine* and *Food & Wine*, as well as bridal and shelter magazines.

Towle

Once a silverware powerhouse, Towle Manufacturing Company, unlike tabletop companies that are expanding into other segments, has gone back to basics. After years of overextending into crystal and glassware and being beset by widely fluctuating silver bouillon prices, Towle plunged into Chapter 11 two years ago.

Now Towle claims the future looks bright. Owned by Republic Corporation of America, a holding company, Towle is more carefully marketing its sharply diminished product offerings.

For example, Towle conducted market surveys of regions of the country and found that Southern consumers prefer lightly decorated patterns, and as a result will focus marketing of such designs in the South. Ad agency is Clark Goward Fitts in Boston.

Gorham

Gorham sells tabletop items ranging from china to crystal to flatware, but silver products comprise the largest component of its sales. In the wake of its sale to Dansk, the company will continue to focus its marketing efforts on the bridal market, with more attention down the road placed on married baby boomers.

Ads stress the company's full-service approach, showing full place settings alongside its best-known sterling silverware. Print this year includes two additions to its bride and shelter magazine lineup — *Home* and *Victoria*. ■

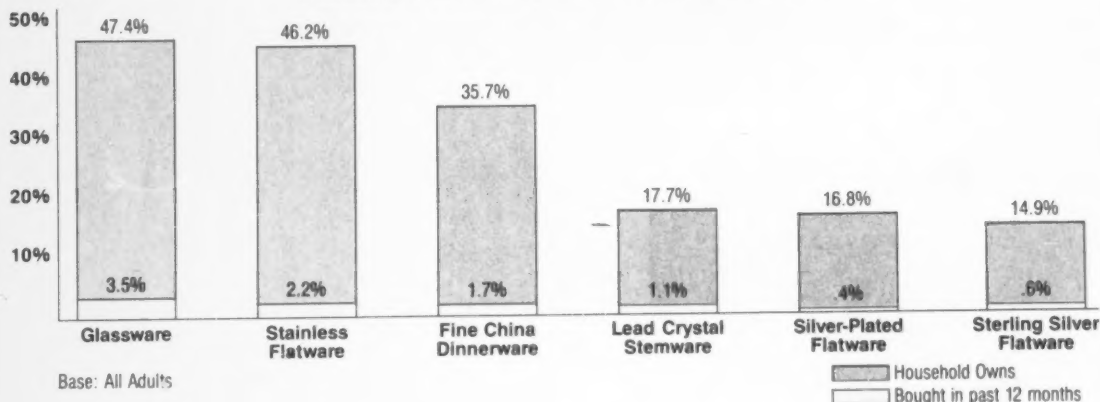


BRAND REPORT INDEX

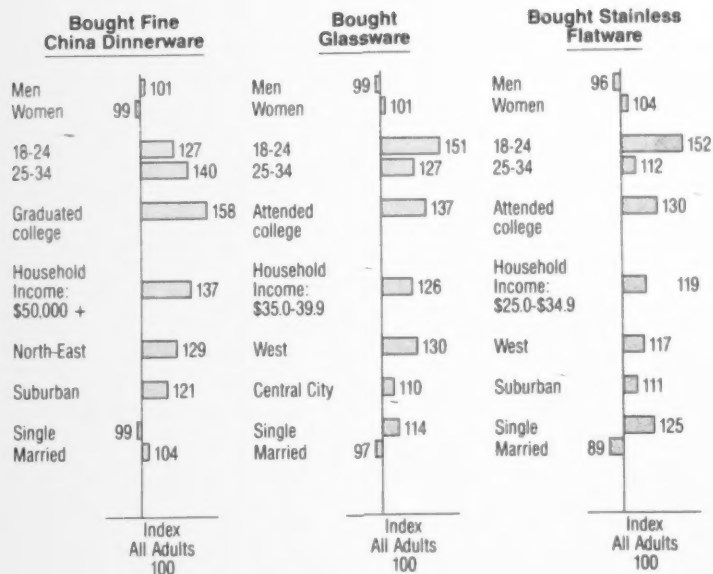
TABLETOP

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

TABLETOP: Ownership and Recent Purchase

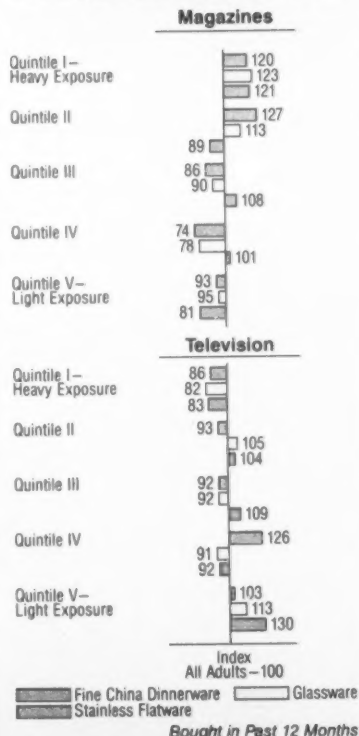


KEY DEMOGRAPHICS: Recent Tabletop Buyers



Bought in Past 12 Months

MEDIA EXPOSURE Among Recent Tabletop Buyers



ECONOMIC EYE

CHILLING FACTS

Nielsen reports that 84.3% of Anchorage, Alaska, households had a VCR as a November 1988. Fairbanks was number two with 78.9%, but major markets such as Los Angeles, San Francisco/Oakland, Chicago and New York were also among the top ten. Overall national penetration for the tech toy is now 62.2%.

MAGAZINE AD SCORECARD

	Ad Pages Dec. 1988	% change from Dec. 1987	Dollars spent (000)	% change from Dec. 1987
1. Skin care, Creams, Lotions and Oils	146.84	40.0%	6,201.4	45.5
2. Lip and Eye Beauty Products	34.99	-43.0	1,241.0	-46.5
3. Scents and Fragrances	435.62	12.5	13,925.8	15.9
4. Facial Makeup Products	53.82	11.5	2,271.1	36.9
5. Prepared dinners and Entrees (including pizzas)	40.98	91.6	2,468.1	31.8
6. Liquor	738.40	-6.4	33,094.8	8.2
7. Cigarettes	636.70	+23.8	35,394.1	40.4
8. Soaps and Detergents	13.81	-74.0	817,064.0	-77.1
9. Passenger Cars, Domestic	559.76	+27.9	29,787.4	35.9
10. Passenger Cars, Imported	653.70	-6.0	30,532.2	8.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

	March	% change	April	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change
Network TV																
Daytime	82	-7	78	-15	76	-16	73	-22	81	-17	73	-14	146	+60	82	-16
Nighttime	113	+13	99	-9	110	-9	122	+8	110	+0.3	118	+4	118	+11	114	-9
Spot TV																
Prime time	115	-12	125	-9	126	-8	125	-4	-	-	125	-8	141	+14	-	-
Daytime	98	-9	95	-18	103	-13	93	-10	-	-	100	-14	107	+4	-	-
Network radio	121	-4	116	+0	116	+2	116	+2	102	-0.5	111	+6	112	+5	131	+8
Spot radio	106	+3	-	-	-	-	101	+3	-	-	-	-	105	+2	-	-
Consumer magazines	115	+4	115	+5	115	+5	115	+5	115	+5	114	+5	116	+6	115	+5
Natl. Sunday mags	116	+13	116	+13	116	+13	116	+13	116	+13	128	+14	130	+10	130	+10
Business publications	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5	118	+6	118	+5
Newspapers	124*	+7	124	+7	124	+7	124	+7	124	+7	124	+7	123	+7	124	+7
Outdoor	123	+11	123	+8	123	+8	123	+8	123	+8	123	+8	123	+8	113	-4

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3
3/13/89

MARKETING & MEDIA DECISIONS

MARKETING & MEDIA

0711 00161861 41 93 000000
GREG CHRIS
CONGRESSIONAL INF SVC
4220 EAST-WEST HWY #800
BETHESDA MD 20814

THE TOP
MARKETING
SUCCESSSES
OF 1988

MARKETING & MEDIA DECISIONS

COVER STORY

MAGNA CUM LAUDE 37

Whatever the obstacles, and there were many, our Top Marketing Successes of 1988 came on strong, saw their openings and conquered their categories.

AUTOMOTIVE: GMC SIERRA & CHEVY C/K 38

General Motors ended Ford's ten-year run as America's pickup-truck king with these two sleek models. It took five years of planning and a real understanding of the market to pull into the fast lane. Now, they're cruising.

PREPARED FOODS: MICROMAGIC 47

Fast food got a little faster last year with J.R. Simplot's line of microwaveable burgers, fries and shakes. The launch, Simplot's first foray in the consumer marketplace, established a whole new category.

TELECOMMUNICATIONS: MCI 51

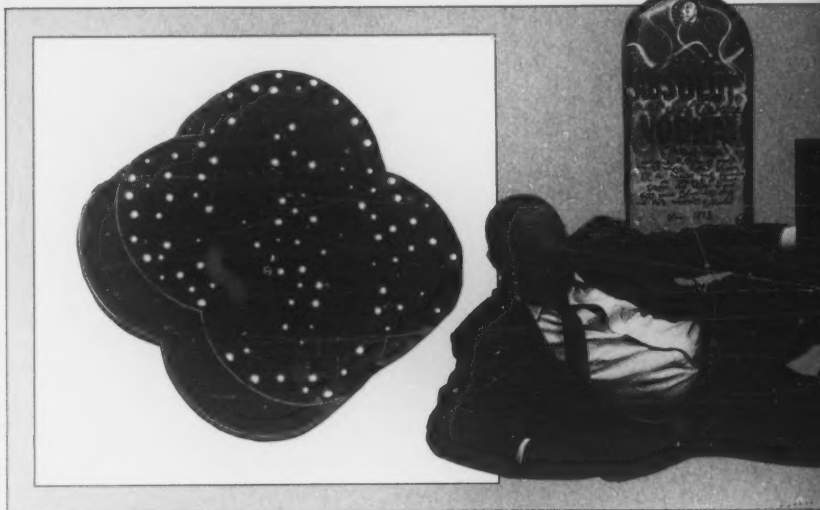
It takes a lot to make AT&T nervous — like unique positioning, aggressive advertising and a potent sales force. Armed with these weapons, MCI now has the giant on the defensive.

SOFT DRINKS: A&W CREAM SODA 59

A&W recognized that cream-flavored soda, a regional favorite, had a natural affinity with its famous root beer. The result is the first nationally distributed cream entry and an increased market share for the A&W line.

COSMETICS: MAYBELLINE 64

Here's one makeover that is flattering indeed. Maybelline's moves to recapture lost ground have produced some dazzling results.



ALCOHOLIC BEVERAGES: ABSOLUT VODKA 73

The Swedish vodka has some of the most stylish advertising around, not to mention its equally creative media plan. No wonder it's still on top.

TRAVEL: MOTEL 6 80

After five years of declining share and occupancy rates, Motel 6 rebounded with aggressive marketing, new expansion plans and a quirky ad campaign.

ENTERTAINMENT: VIACOM 91

The Cosby Show is the brightest star in a brilliant year for Sumner Redstone's entertainment empire. All divisions posted nice gains in 1988, and all credit a new focus on marketing as the main contributor to that picture.

PERSONAL CARE: SALON SELECTIVES 95

Helene Curtis tried a new style by identifying a line of hair-care products with salons. The result — the products grabbed market share, the company got a new image and sales bounced up.

TOYS/ELECTRONICS: NINTENDO 101

And you thought video games were dead. So did many others, until Nintendo came along and reinvented the industry. It now all but owns the category. Also, Sony America gets a nod for taking existing products and repackaging them for a new audience. My First Sony has added incremental sales while helping the company get 'em while they're young.

DEPARTMENTS

LETTERS 8

More input on the Merkur, and we fix a few flubs.

PRO FILES 14

John Belfiore flowers at BBDO, and Robert Schu checks in at Club Med.

PRINT BEAT 17

Nissan's other shoe: newspapers . . . *Cosmopolitan's* platinum videos . . . B-to-B in 3D . . . AmEx makes *Connections* with Northwest Airlines.



DEBUT 22

The *New York Post* opens itself to new ad categories with a Sunday edition.

DIRECT MARKETING 24

Time Inc.'s book division creates a direct-response unit with Book of the Month Club.

FREEZE FRAME 26

Yes, America's baseball crazy, but how crazy? ESPN, with rights to 175 games, is about to find out.

UPDATE 28

Recommendations to the Surgeon General regarding alcohol marketing and advertising add up to a virtual ban.

CREATIVE CONCEPTS 32

While high-definition tv is still in the future for viewers, agencies and producers are using it now.

BROADCAST BEAT 121

Arbitron's new and "sort-of" improved diary . . . A boom year for political ads . . . Unmeasured viewers.

TOOLS OF THE TRADE 124

Some services offer on-line spot buys, but not without controversy.

ON THE DOCKET 128

Advertisers who fail to include minority targeted and/or owned media may be denied future tax deductions.

POINT/COUNTERPOINT/POLL 130

Art Heller and Ira Carlin debate the highs and lows of unwired networks.

ECONOMIC EYE 134

Multi-set viewing in cable homes, our magazine category scorecard and Media Cost Index for November.

LAST WORD 136

James Gould's research suggests that users of 15-second commercials may be getting less than they're paying for.

AS THEY SEE IT

MEDIOLOGY *Debbie Solomon* 109

High-definition tv is put in focus from the media department's point of view.

BUSINESS-TO-BUSINESS *Patti Brestel* 111

The perils of planning the trade media are flagged by someone in the field.

RESEARCH *Gerald Eilers* 114

A new-product introduction is broken down into its components.

OUT-OF-HOME *Bob Flood* 115

Ads, ads everywhere as out-of-home follows its targets.

LETTERS

see how much I loved their car, didn't see fit to respond to my distress. (Even a phone call to their law department about the accident was simply bounced back down the line to a noncommittal regional manager who handed off to the dealer who disclaimed responsibility.)

Friends stopped asking, "How are you?" and started inquiring, "How's the Merkur?" I always answered, "It's a fun car to drive. Too bad I had to buy one to do it."

What killed Merkur? My guess is that it was word of (bad) mouth. I certainly tried to do my share. Maybe the

Merkur will eventually be worth something as an antique. Then, perhaps, my dog will finally have its day.

*Allan B. Clamage
Vice president,
Marquardt & Roche,
Stamford, Conn.*

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PRO BASKETBALL • COLLEGE BASKETBALL

Join The Winning Team

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CORRECTIONS

I appreciated seeing the effective way you presented some of the data in my article (December 1988, p. 132).

It was disturbing, however, to see some typographical errors from the submitted material.

PRIME TIME EXAMPLE JULY 1988

Multiplier

Household Usage	50.9
(X) Multi-Sit Adjustment Factor	1.08
Adjusted Household Usage	55.0

Divisor

Conversion Factor Women (55+)	92
(-) Adjustment Factor	1.08
Adjusted Women 55+ Factor	85

Household usage equaled 50.9, not 60.5, and the percent sign in the chart should actually have been a division sign. [Amended prime-time example above — Ed.]

I'm not perfect either — "Adjusted Household Factor" should have been "Adjusted Women 55+ Factor."

*John McSherry
Senior vice president,
director, corporate media resources,
Bozell, Jacobs, Kenyon & Eckhardt,
New York*

In the February "Editorial Index," two photos were incorrectly captioned. Marianne Howatson is the publisher of *Self* magazine, and Page Thompson is executive vice president/media director at DDB Needham Worldwide Inc.

THE TOP
MARKETING
SUCCESSSES
OF 1988

MAGNA CUM LAUDE

If you believe in miracles, read no further. This is not your kind of issue. This year's Top Marketing Success edition is filled with people and products that have made it happen — these are not cross-your-fingers types at all. Each carefully plotted a course and executed it with precision. Which is not to say that all has gone silkily; many of our winners bear scratches, but they have all persevered in inspiring style.

One of the most telling things about 1988's Top Marketing Successes is their diversity. We've got every kind of company imaginable on the list, from the major household names to smaller niche players. If there is one characteristic that links most of our winners — and this is a bit of reach, we grant you — it is their appeal to the mass rather than class market. Though the *cognoscenti* may have decreed that it's smarter and more profitable for marketers to go "upscale," the majority of our Successes belie that wisdom. They have gone after a blue-collar customer and prospered. Take a look at what's on our list — pickup trucks; microwaveable fast food; a folksy, value-oriented motel chain; a company known for its root beer and cream soda; and drug-store cosmetics.

But make no mistake: This is quite an elite group. The criteria for inclusion are exacting. Those who earn our Marketing Success accolade are companies or brands that increased market share in a meaningful manner; turned around a fading position through execution of a canny marketing strategy; introduced a major new product that had a beneficial impact on the company, bested the competition or kept rivals at bay; or accomplished some other marketing feat, such as consistently remaining at the top of an industry, regardless of business conditions.

Clear on these objectives,

we set out to discover who led the pack in 1988. We polled readers, industry analysts and specialists. Then the editorial staff weighed the merits of one potential honoree against another. Based upon this research, we then made some subjective judgments.

Actually, there were clear winners in several categories. How could any other automaker match the performance of General Motors and its new pickup trucks in '88? This is a story with all the dramatic elements necessary for a juicy telling: A giant company under siege, which manages to wrest category leadership away from its red-hot arch-enemy, the Ford Motor Co., via an unlikely vehicle, a full-size truck. Daring marketing and an uncharacteristic willingness to concede and change mistakes are some of the other elements that make it a good read.

Also a page-turner is the story of MicroMagic, one of the "dark-horse" Marketing Successes. Few people had heard of the brand in 1986, but just ask ConAgra, Hormel and Oscar Mayer about it today. These are the companies that are now trying to get into the category that formerly to-the-trade-only food supplier J.R. Simplot pioneered. It brought out a line of microwaveable burgers, fries and shakes under the MicroMagic logo and watched fast-food addicts gobble the stuff up.

Don't miss the article on Nintendo, either. Though the video-game market had crashed from \$3 billion in sales to \$100 million by 1985, Japan-based Nintendo was convinced there was still joy in joystick. At the market's lowest ebb, they surged in with what they believed to be superior products and almost singlehandedly built the video-game market back to \$2.3 billion in sales.

All the stories are illustrative and entertaining. Sit back and see ingenuity at its best, from concept to media plan. And see also how hard work can sometimes be rewarded. ■



PICKUP ARTISTS

GM finds that the action is in trucks. A hot new model, combined with brassy marketing, has put the automaker on top.

H Ross Perot might even be surprised. As a Texan, he probably wouldn't blink to learn that full-size pickup trucks — not sexy little sports coupes or sensibly staid "family" cars — are the nation's first and second top-selling automobiles. (Ford Motor Co.'s Escort model is third.) But as a very public, very needling critic of General Motors, he might well scratch his head over the fact that his nemesis has managed to topple Ford Motor Co.'s ten-year-old record as Pickup King — and in very high style, to boot.

by Rebecca Fannin

Yes indeed, though we all may think America's love affair with cars means hot little numbers like Corvettes and convertible Mustangs, there is, in fact, a heck of a lot more action going on in pickup trucks. Specifically, in GM's C/K and Sierra models.

Last year, GM, which has been roundly booed for being a change-resistant, sloppy marketer, stunned the industry by bringing out a brand-new, from-scratch truck that was five years and \$1.3 billion in the making. It had so many technological advances and car-like options that it attracted a crossover audience. Farmers and construction workers were suddenly vying with suburbanites for the full-size trucks — thereby opening up a potentially enormous new market. As a result, Ford got blown away. GM's new models (with a base price of \$10,345) marketed by the Chevrolet division under the C/K plate and

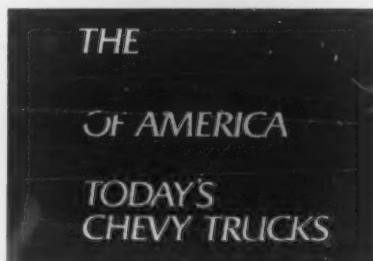
by GMC as the Sierra, increased truck sales 24% to 961,624 vehicles, revving its market share from 45.4% to a winning 49.8%. Ford, on the other hand, was left sucking wind. It managed only a 3% sales increase to 882,748 trucks, dragging its market share from 46.3% to 44%, according to figures compiled by Ronald Glantz of Montgomery Securities.

GM's win is a biggie. For one thing, it has spotlighted the shift going on in the overall market. Compact Japanese trucks, which had enjoyed big sales surges for most of the decade, fell 7% last year. Meanwhile, heavy-duty, full-size pickups, which are made by only three domestic manufacturers, reversed their decline and sped forward by some 9%.

But more personally, the C/K and Sierra's success has given GM its first bit of good news in a long while and proven to the company, employees, dealers and the world at large that the Detroit colossus had not lost its touch. For over ten years, Ford's pickup truck benefitted from the perception that it

was the most reliable and durable model around. And Ford's edge grew each and every year because the competing GM model was an outdated, 16-year-old design.

GM finally bit the bullet and brought out a sleek truck that has improvements like a rear-wheel, anti-lock brake system that prevents skidding on sudden stops and niceties such as power windows and air conditioning. It built a brand-new sophisticated — but cost-efficient — plant to ensure the design translated into a quality vehicle and began an



At GMC, advertising's Bill Middlekauff (center) and Eddie Messenger (seated) went after leisure truck drivers. Helping at McCann-Erickson were James Ramsey (right) and Mike Wilberding (left).



PHOTOGRAPHS BY PETER YATES

The team behind the truck industry's first comparative campaign: Chevrolet advertising manager Candace Robbins, with Lintas' (left to right) Sean Fitzpatrick, Lou Schultz and John Barczyk.

aggressive advertising program to lure dealers and buyers. Furthermore, when the marketing and advertising strategy hit some bumps early on in the launch, GM uncharacteristically listened to the market. It applied the brakes, shifted into reverse, made adjustments to its route and accelerated fast. "GM did a great job on their trucks," says Chris Cedergren, an industry analyst with J.D. Powers. "By making the truck car-like, GM's been surprisingly successful."

Determined to regain pickup truck leadership, GM also made some revolutionary marketing moves. It launched the first comparative advertising in the pickup-truck business. It gave the model its first upscale positioning and even gave the truck a name, Sierra — another breakthrough. The company also researched this particular model more than any other GM pickup. Media buys were highly selective, including lots of print support as well as regional spending. And dealers got sales training like they had never seen before.

"They invited us for a week to Tucson, and we got to drive around in the pickup truck with the engineers," tells Lawrence Marshall, owner of a Chevrolet truck dealership near Houston. "I've

been a dealer for 20 years, and I've never seen such a fine new piece of equipment."

Moreover, the truck's success already has had an impact on the bottom line at GM, according to analyst Glantz. "I'm estimating that this sales increase of \$1.7 billion (at the factory level) during 1988 helped pre-tax earnings to rise by \$445 million," he figures. With the opening of a highly-efficient manufacturing facility in Fort Wayne, Ind., additional cost-savings should accumulate. "It costs 22% less per vehicle to build," says Glantz, adding that warranty costs for the more reliable model should also be lowered by 28%.

Another important element in the success was that each division chose separate marketing strategies. Chevrolet charged after the commercial market — farmers and construction workers who represent the heart of the pickup-truck businesses. Meanwhile, the GMC division, which only makes vans, sport utility vehicles and compact pickups, took out after the personal market. This has been a small (about 15%) but growing subsegment of the business and includes drivers who would just as soon be at the beach as at the lumber yard. The effect was higher total sales for the corporation without compromising



the Chevrolet C/K's image as a tough truck.

Typically, Chevrolet has reserved the commercial target as its own. That's a natural fit because Chevrolet sells trucks through Chevy dealers, and those dealers primarily cater to lower-income, less-educated groups.

Even though the outcome makes it look easy, Chevrolet had serious prob-

lems from the start. Chevrolet quickly found that the new pickup's aerodynamic styling could be a flaw. Instead of looking rugged and tough, consumers thought the truck — compared to Ford's and the previous Chevy model — looked like something only a sissy would drive.

is tough, and that in addition to that, it is superior to Ford's."

"The comparative advertising was great," says dealer Marshall. "It did reach the public, and it brought us back into the homes. It was much more aggressive, and we needed to do that."

closing the gap on first place. (GM combined sales exceed Ford's.)

To make sure that consumers understood that not only was the Chevrolet truck brand new, but also superior, Lintas' media department went to work developing some innovative and (hopefully) intrusive buys. Shortly after the launch, Chevrolet ran a nine-day series of 15-second commercials every half-

hour. A similar newspaper execution ran for seven days consecutively in 30 markets. Sports sponsorships were also a key way of reaching male buyers, according to Sue Chisholm, vice president and associate media director. Among them: NFL, NCAA basketball and baseball's playoff and World Series Chevrolet sponsors fishing shows on cable as well.

Merchandising and sales promotions have been instrumental in the C/K's success, too. Chevrolet sells videotapes that use editorial from a Public Broadcasting program, *Home Time*, that it sponsors. The tapes, which sell for \$9.95, cover common household repairs and are available at home-center stores. At least 1,000 tapes, which include commercials for the C/K, have been sold.

An unusual tie-in promotion with Procter & Gamble products also stirred some interest. Some 2.5 million customers came into Chevy dealerships with keys they had received in P&G brands to see if they were winners. Some 300 new pickup trucks were given away as prizes.

Regional media buying as well helped to perk up buyers. The Southwest in particular was singled out for spot radio and spot tv commercials, as well as selective magazines like *Texas Fisherman* and small-town newspapers.

Meanwhile, at GMC, the pursuit was on to capture truck drivers who could be found fishing, hunting and camping. GMC sells trucks through Buick, Olds-

AD EXPENDITURES '88:

	BAR NETWORK TV (000)	BAR SPOT TV (000)	BAR CABLE TV (000)	BAR SYNDI- CATION (000)	BAR NETWORK RADIO (000)	RER SPOT RADIO (000)	LNA MAGA- ZINES (000)	LNA SUNDAY MAGAZINES (000)	MR NEWS- PAPERS (000)	LNA OUT- DOOR (000)
GMC SIERRA- CHEVY PICKUP TRUCKS										
1987 TOTAL GMC SIERRA \$12,760.3	\$4,881.7	\$3,910.6	\$746.1	\$96.0	--	\$306.2*	\$2,813.8	\$5.9	--	--
CHEVY PICKUP TRUCKS \$10,783.5	--	--	--	--	--	\$96.7	--	--	\$10,686.8	--
JANUARY-SEPTEMBER 1988 TOTAL GMC SIERRA \$6,440.1	\$61.8	\$2,911.1	\$243.2	--	\$4.6	\$668.2*	\$2,551.2	--	--	--
CHEVY PICKUP TRUCKS \$3,254.6	--	\$16.3	\$6.4	--	--	\$163.8	--	--	\$2,953.0	\$115.1

Source: Broadcast Advertisers Reports (BAR), Radio Advertisers Reports (RAR), Leading National Advertisers (LNA), Media Records (MR).
*Spot radio figures represent spending for all GMC trucks.

But the message of leanness and meanness was getting lost. So Chevrolet addressed the problem directly by breaking the truck industry's first comparative advertising. "We didn't want to bad-mouth their truck," says Candace Robbins, Chevrolet manager of truck advertising. "But we found that we had to demonstrate that this truck

number of minor changes that were made. "We continue to have the highest repeat purchase rate in the business," defends Glick.

In fairness, Ford's F-series pickup continues to be the top-selling model, with 584,169 unit sales. But the C/K's sales jumped 62% last year to 420,727,

"We did more extensive research on this launch than any others."



mobile, Cadillac and Pontiac dealerships, which attract a more upscale buyer than their Chevy counterparts.

Buried within the strategy was an emerging market that no truck manufacturer was targeting. "We found that there were buyers who were using trucks almost as a substitute for a car," explains Bill Middlekauff, GMC's national advertising and publications manager. "We did more extensive research on this launch than any other, and what we were finding was that there is a market of 1.1 million traditional car buyers who were buying trucks," reports Middlekauff. "That is a huge number when you consider that the light-duty truck market is 5.2 million." In fact, dealers report that this pickup truck has also proven popular among women. "We are seeing young girls coming in who are just starting a job," says Al Dittrich, a GMC dealer in Detroit.

Convinced, GMC and ad agency

McCann-Erickson unveiled the first campaign that spoke to potential truck drivers who might just as well own a BMW. That was one of the reasons that GMC actually took the step of naming the truck the Sierra. "We felt that it conveyed a prestige image," says Mike Wilberding, senior vice president and management representative for GMC at McCann. The agency selected the name, which had previously been only a trim-level description of the most expensively equipped truck model, from 20 other finalists.

McCann also made the bold decision to create an advertising campaign that professed that this was the truck that is not just a truck anymore. To enhance that appeal, the agency featured a good-looking character dubbed the "easy guy."

But this was somewhat of a misno-

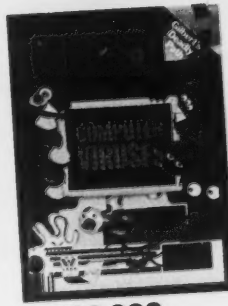
mer since this was one hard-to-please fellow. All the signs were in the print ads and television commercials: He wore blue jeans, but topped them off with a suede jacket. And besides his GMC pickup, he owned a classic Corvette and a high-priced Cadillac. "We were the first to recognize that trucks were showing up at country clubs and beaches," says Wilberding. "What we were trying to do was create imagery that would show this man as feeling like he was far more important than anyone else. We wanted to show that the easy guy is the man who deserves the best," he adds.

Even though that was a long stretch from GMC's prior campaign, "Tough truck," the division was fairly confident it wasn't a mistake to try a softer approach. Middlekauff relates that GMC trucks have a history of being regarded more like status symbols than competitive makes while sharing a reputation for being extra tough. "There

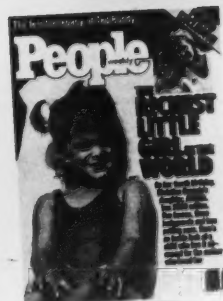
LARGE



5,500,000



4,300,000



3,000,000



Opposing strategies helped to build total sales. Chevrolet proved to macho drivers that the Ford truck paled in comparison. GMC performed with the market's first upscale advertising.

was some concern that it wouldn't be perceived as tough or rugged, but you know that you can't fool the public," says McCann's Wilberding. "If the product really is tough, then consumers will know it."

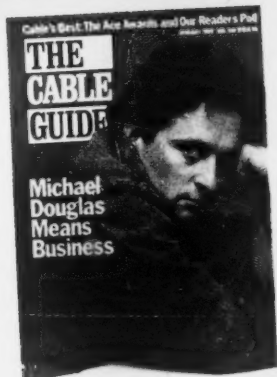
To reach GMC's selective target, the media schedule favored a heavy list of specialized magazines. Publications that reach outdoor enthusiasts got four-page inserts for the launch, followed

by spreads and single pages. Magazines got 60% of the \$18 million budget, and the remainder was allocated to prime-time television and network sports. "Because we didn't have a huge budget, we decided to concentrate our funds in only two media," explains Steve Olsen, vice president, account supervisor for McCann Direct, who worked on the launch.

As the introductory pace slackens

off, General Motors is looking to slice budgets. For instance, the GMC division has cut television out of the schedule, and Chevrolet is looking for high-impact yet less expensive options like videotape advertising. Right now, GM is in pickup heaven. It proved a lot in '88 and knows lots of eyes are watching to see if it can continue to capitalize on its win. What do you bet, H. Ross? ■

X-LARGE



7,200,000

The Cable Guide is the sixth largest magazine in the USA. With a rate base of 7.2 million, we're bigger than People. Larger than Family Circle. And ahead of Time.

Better still, The Cable Guide combines mass with class. By reaching America's elusive pay-cable audience...affluent households who can afford to pay for choice.

You'll reach 17,000,000 total adults...with a median HHI of more than \$37,000...at a 4-color CPM of just \$4.00.

The Cable Guide. It's not just a better choice. It's the obvious choice.

Source: Fall 1988 MRI

THE CABLE GUIDE
AMERICA'S CHOICE MEDIUM

PRESTOBURGERS

Zap! From the mall to your microwave, J. R. Simplot brings home the burgers and redefines fast food.

Talk about feeling anonymous. J.R. Simplot, a restaurant supply business most consumers never heard of, decided back in 1984 that it wanted to get into the livelier end of the market. So Simplot tried to make a big splash in convenience stores by introducing a frozen microwaveable french fry. What Simplot thought would be a sure-fire attention-getter (who doesn't like french fries?) turned out to be the company's best-kept secret. Despite eight years of research into a patented double-fry process that sucked excess moisture out of the crinkle-cut spud, the company from remote Boise, Id., could not convince tater fans its fries — sold under the brand MicroMagic — stayed crisp in the microwave.

Now gourmands might say, 'Who in their right mind wants to eat such fast food — and nuked, no less?' But J.R. Simplot stuck to its guns. Positive there was a

market for such space-age treats, the company pulled the Big Switch, simultaneously withdrawing its spuds from convenience stores in 1985 and launching them into the more visible arena of Mid-western supermarkets. Just to be sure, Simplot re-packaged the single-serve fries in larger three-packs that lent the product more shelf visibility and gave consumers three chances instead of one to perfect the cooking time that worked best for their microwaves.

Before one could say Escoffier, Simplot proved there is a mass market hungry for microwaveable fast food. Today, Micro-

Magic is the dominant force in the \$180 million segment which it created. The company controls roughly 50% of all volume, with such yummys as fries, milkshakes and burger and chicken sandwiches that remain moist even after you bombard them with magnetic waves. The category, which grew about 33% last year, has now attracted the attention of such well-financed competitors as Geo. A. Hormel & Co., Con Agra Inc., General Foods and Campbell Soup.

No one asks who Simplot is anymore — at least within marketing circles. Though MicroMagic's red, black-and-yellow package now downplays the parent company's name after tests showed it might dilute the product's message of convenience and taste, Simplot is well known in trade circles as the \$1 billion-plus supplier of potatoes to restaurants and fast-food outlets. In fact, Simplot is the main purveyor of french fries to McDonald's. But while consumers may still be in the dark about Simplot's identity, the culinary coup it pulled off has caught and held marketers' attention.

"What they've done is opened up a whole new market in the supermarket," reflects Calvin Haddock, senior vice president of Comart Associates in New York, an industry consultancy. "One of the keys to new-product success is the need to be first. They are product pioneers."

In 1988, in addition to making strong gains across the whole category, MicroMagic managed to regain lost dollar share from Heinz' Ore-Ida, taking back in part what had been stol-



MicroMagic

en the year earlier when Simplot management was slow to roll out MicroMagic fries nationally. In the first nine months of 1988, MicroMagic upped its dollar share of the microwaveable potato segment from 27% to 42.5%, gaining on first place Ore-Ida, according to Nielsen figures.

During the same period MicroMagic's dollar share of microwaveable sandwiches increased from 13.4% to 19.5%, lengthening its lead on second-placed Hormel, with roughly 6%. MicroMagic's milkshake is the runaway leader in its \$12 million category, with 80% dollar share.

In the process, the closely-held company successfully managed the transition from a commodity-only business to packaged-goods manufacturer. In three years, Simplot, which is family-owned, has grown into a savvy advertiser whose entry into the fickle world of consumerism has prompted a herd of me-too competitors.

The potential for growth is enormous in the category — best defined as microwaveable, frozen fast food. With 75% of American households now owning microwaves, according to the Good Housekeeping Institute, marketers see a huge market in consumers seeking to pare the time it takes to prepare frozen foods.

"They're really coming up with products that will go against the McDonald's of the world. The consumer has less and less patience in spending time going to the restaurant," says Nomi Ghez, a food analyst at Goldman Sachs.

Yet even if MicroMagic merely maintains its share, microwaveable potatoes are expected to dramatically increase from their current 6% slice of total U.S. frozen-potato market. Right now MicroMagic has only 3.9% of the overall category, IRI's InfoScan showed. The rest is split between 42% share-holder Ore-Ida and private labels.

"[Microwaveable] is not a flash in the pan," concurs Paul Bernish, spokesman at The Kroger Company, a Cincinnati-based chain of roughly 1,100 supermarkets nationwide. "It's a category with a great deal of potential in the light of two kinds of trends: More and more people are buying microwaves, and there's a strong preference for convenience items."

It was inevitable that Simplot's plunge into frozen microwaveable fare would prompt a flurry of competitors. On Simplot's heels, White Castle began distributing six-packs of its popular

square burgers in roughly 40% of the country (previously the burgers were only available in supermarkets supplied by restaurant owners seeking to earn side money). Hormel, also smelling a trend, 18 months ago created a Frozen Foods division that has since launched the New Traditions microwaveable breakfast sandwich line and, more recently, three-ounce packages of microwaveable french fries. In

addition, Campbell Soup has introduced soup-and-sandwich combinations; ConAgra is testing Zap burgers, chicken and fish sandwiches; and General Foods is testing Oscar Mayer Zappetites.

All told, introductions of frozen microwaveable products leapfrogged from 188 in 1987 to 297 last year, according to Marketing Intelligence Service's Productscan data base.

But it's one thing to spot a trend and another to capitalize on it. To help lead the company into a new era of consumer marketing, Simplot in 1987 hired Coke Foods brand manager Blaine Jacobson, a 33-year-old turk who'd proved himself by helping to expand Coke's Minute Maid product line. Jacobson began working 12-hour days alongside Simplot's general manager of retail John Kluding and national sales manager Al Cope. They built a 15-person Foodservice division from scratch and went through the painstaking process of hiring a nationwide network of 65 food brokers to peddle the product. The team helped adapt company systems such as product inventory control and even daily sales volume reports to the retail business. With a staff that was a skeleton crew compared to what he was used to at Coca-Cola, Jacobson was often forced to do things the hands-on way, designing promotional trade literature himself and personally hiring retail brokers.

A key element of Simplot's strategy was to consistently outfox the competition by getting new products to market in as little as eight months flat. "One of the sayings we have here is, 'It's better to be first than to be right,'" says Jacobson, Simplot's retail marketing manager. "I call that the cruise-missile approach — first you launch the missile, then you target where you want it to go. The course may not be exactly right, but at least you're in the market and you're able to make adjustments as you move along." With MicroMagic milkshakes, for example, Simplot raced to be first to get it into market early last year, then later revamped the packaging when it kept getting soggy in the freezer case.

Company executives boast they can

It's Fryday in Idaho: Jacobson (left) and national sales manager Al Cope join assistant product manager and founding-family member Debbie Simplot.

STAN SINCLAIR



MicroMagic

take a product from conception to market in as little as 18 months — twice as fast as their competitors. In addition to coming out with the first microwaveable french fry, Simplot was first to bring out a hamburger "cooked" the same way and boasts the only microwaveable milkshake on the national market.

MicroMagic, the first to achieve national distribution in early 1988, has the highest distribution of microwaveable frozen foods, at roughly 95%. Jacobson likes to brag that an unsolicited supermarket chain in New York, a city notorious for rejecting new products, approached Simplot in late 1987 and demanded MicroMagic based on the brand's results in other markets. "Because we were first, we have more money to work on for marketing programs. Number two or three has to funnel money into slotting," he maintains. While conceding Simplot was forced to pay slotting allowances in certain chains, he adds, "We certainly didn't pay the full amount." Now Simplot has begun a major drive to convince supermarkets to stack boxes of the product alongside each other in "brand blocks."

In addition, MicroMagic's success is attributed to its technologically advanced recipes, whose ability to withstand zapping is considered the best in the category.

"They have a higher quality microwave french fry than any other around, and it is significantly better than the frozen variety," believes Hodock, the president-elect of the American Marketing Association, who helped direct this year's selection of MicroMagic as a 1988 winner of the AMA's best new product award. Plus, he adds, "No one has a milkshake around."

Simplot proved more than up to the task of convincing consumers its microwave-durable foods weren't merely something out of *Star Trek*. Last winter the company, at the urging of its mar-

keting and public relations firm, Braff & Co., approved funds to sponsor a college dance called "Shake, Rattle 'n Roll" when it found out students weren't sipping its milkshakes — despite their higher-than-normal ownership of microwaves.

Moreover, MicroMagic was launched on an introductory ad budget that would be considered lean by today's food-advertising standards. Simplot, entrenched in the frugal tradition of non-consumer advertising, said it spent a total of \$6 million on promotion and advertising in 1987; LNA/BAR lists \$2.4 million on ads alone that year.

Budgetary constraints forced a quest for media efficiency. For spot television buys, its ad agency, Noble & As-

Simplot, a family-owned business that encourages entrepreneurship and doesn't demand every new idea be backed with reams of research, is also quicker at getting its advertising on the air. Its new television campaign, for example, went from concept to airtime in a fast six weeks.

The frugal approach is standard business for Simplot. From the start, Simplot refused to spend fresh capital on new lines, instead choosing the more conservative route of funneling profits from, say, its french-fry line to bankroll the hamburger introduction.

In the wake of MicroMagic's sales success, however, ad spending is rapidly expanding. From a \$3.1 million ad budget for all of 1986 and 1987, MicroMagic's budget was upped to \$6 million last year. This year comes an

AD EXPENDITURES '88:

MICRO MAGIC	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDI- CATION	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGA- ZINES	LNA SUNDAY MAGAZINES	MR NEWS- PAPERS	LNA OUT- DOOR
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
1987 TOTAL (000)	--	\$2,352.4	--	--	--	--	--	--	--	--
JANUARY-SEPTEMBER 1988 TOTAL (000)	--	\$630.4	--	--	--	\$890.1	\$12.4	--	\$406.0	\$0.9

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

sociates, rotated commercials during high-usage time periods. For example, french fries, not considered a late-night food, are advertised during fringe and daytime slots. Milkshakes, a late-night snack, and sandwiches, ideal for lunches and dinners, are advertised in appropriate slots. "Right now we are staying away from prime time — budgets and strategies are such that that's not as efficient," says Doug Ruble, account executive at the Springfield, Mo., ad agency.

To bolster the effectiveness of spot buys, Noble bought radio time in more than 60% of the country. Selecting markets like Chicago and Los Angeles, where commuters often spend long periods with their car radios, Noble ran frequent ads on the top three or four stations, rather than expanding the roster to include ten to 15.

even bigger boost — to \$23 million.

Simplot for the first time in April buys time on network television, with fast-paced lifestyle ads urging consumers to "Give 'em MicroMagic right now." The themeline is based on a detailed national study by an Indianapolis-based research firm which showed the target audience — mothers whose families lead very active lifestyles — crave convenience but not at the expense of bad-tasting food.

For his part, Jacobson, a native Idahoan with blue eyes and golden-blond hair, has no regrets about leaving his fast-rising career at Coca-Cola for an uncertain future with a novice retail manufacturer. Indeed, little else has done more to put Jacobson's native Idaho on the map than the success of MicroMagic — with the notable exception of potato farming itself. ■

GOING THE DISTANCE

MCI's coordinated marketing efforts for its various phone services have upped its numbers and put AT&T's confidence on hold.

Long distance is just long distance, and AT&T is The Phone Company, right? That's how most people think — or at least thought. Last year, MCI Communications Corp. put a crack in that mindset. Through a savvy advertising campaign that portrayed a super-strong, sophisticated company, MCI convinced America that there are at least two phone companies. The communications company made a powerful pitch that long distance doesn't have to be just that; it can be a value-added service with an array of products and a hungry, innovative, young support staff. In short, MCI created a whole new world around its basic being, which amounts to little more than a network of wires.

by **Frank Sommerfield**

It did this through a remarkably coordinated blitz of tv, trade and general print ads that were all enforced in a timely way with direct mailings and sales calls. The commercials, which all had a stylish look, targeted big-spending business customers and featured serious, successful but unpretentious go-getters who carried MCI's message.

"A lot of people believe that advertising is an indication of a company's mental health. We were feeling good," says Judy Ranzer, MCI's vice president for advertising. "1988 was a fantastic year for MCI advertising."

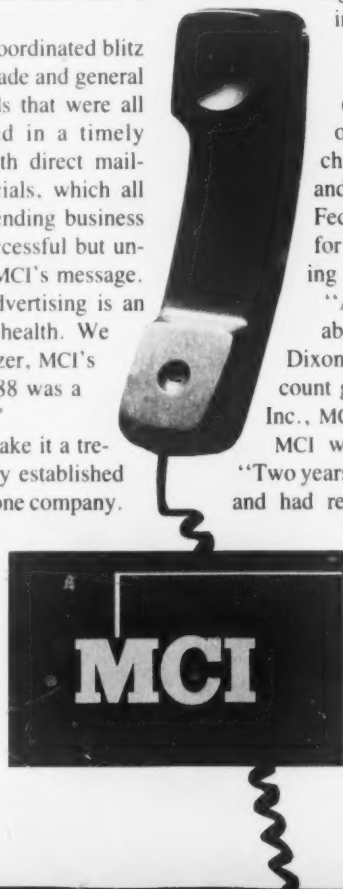
Those ads, meanwhile, helped make it a tremendous year for MCI. It has firmly established itself as the nation's number-two phone company. "Market share is going up and revenue growth is spectacular," says Jack Grubman, telecommunications analyst at PaineWebber Inc. Over the last two years, MCI has made in-

roads on AT&T's 70% stranglehold on the market. Last year, MCI grabbed two more share points to hold 11% of the business. Sprint lags at 7%. Analysts project that MCI will report a 1988 profit of \$320 million on revenue of \$5 billion, up from 1987's profit of \$60 million profit on sales of \$4 billion. (Profits were slimmer in 1987 because the company had written down \$7 billion in work on its network. The beauty of the long-distance business is that once the infrastructure is in place, costs are fixed and added revenue shoots to the bottom line.)

Glenn Pafumi, a utilities analyst at Robert Fleming Inc., says MCI will report a 40% increase in calling traffic for the final quarter of 1988, while AT&T will report only a 3% increase for the entire year. Such numbers put AT&T on the defensive. It answered MCI by changing its ads, billing procedures and product line, and it petitioned the Federal Communications Commission for permission to lower its business calling rates.

"AT&T seems to be learning a lot about marketing from MCI," says J. Dixon Byrne, senior vice president and account group head for Wells, Rich, Greene Inc., MCI's agency.

MCI wasn't always such a hot number. "Two years ago MCI didn't have '1-800' service and had real billing problems," says Fulton Holmes, vice president and utility analyst at Thompson McKinnon Securities Inc. "They weren't billing all the calls being made, and a lot of calls on peoples' accounts were





being made by crooks." Now many believe MCI's billing is superior to AT&T's.

Adds Jack Grubman, "MCI had a bad image through most of 1987. People thought they had lousy technology and were good just for price reasons. So they had a marketing task to change that. And the company did get better. It got a full sales force, improved equipment and the network and did creative things in terms of billing."

MCI's turnaround also has a lot to do with the way the company has promoted itself. The theme of the ad campaign — "Let us show you" — sent home the notion that MCI really does offer quality service and that its people know what sophisticated businesspeople want.

The campaign's basic premise — that MCI is a mature but aggressive company — was formulated at MCI headquarters in Washington, D.C., before Wells, Rich, Greene was hired in late 1987. MCI apparently wanted to get away from the upstart image fostered by previous television ads featuring a bicycle race and a squash game. "Those ads got to be sort of stupid," says Grubman.

Ranzer asked the Wells, Rich creative people to spend time at MCI staff meetings and in the field so they would get a sense of how MCI had stepped up customer service. Clients and prospective clients are called on once a week. Analysts say AT&T salespeople barely get around to calling once a month.

The result of the visits were ads like the one called "The Sales Representative." A camera on the exterior of an upper-floor office window shows a lean MCI salesman walking into a customer's suite. The voice-over is, "Most people can't write down the name of the sales rep from their long-distance company." The implication is that MCI customers can. "This ad, one of the first in the campaign, sets up the prem-

ise that there's a better way to run a long-distance company," says Byrne.

The sincerity of the ad's button-down characters enabled the theme to be expanded as the campaign went on. An aura was created around the phone business — particularly MCI's phone business.

"They play up MCI's service and billings systems, which are a little better," says Grubman. "Otherwise



THELISA ZABALA

Judy Ranzer sent the agency into the field to demonstrate their commitment to customer service.

there's not much difference between them and AT&T."

The tv spots are amplified by matching print ads. "Tv was the head turner, and print was more specific," says Ranzer. She says mid-level managers who were responsible for telecommunications decisions were made aware of MCI through television and then bombarded by striking, full-page ads in the trades. These feature large, catchy sayings, such as "Who's following whom?" accompanied by a column of technical, explanatory text.

"Then we talked to high-level business leaders with ads in publications like the *Wall Street Journal* and *Business Week*. We wanted these people to

understand we're a financially sound, technically advanced company," Ranzer adds. One ad for the general business press shows the well-clad feet and legs of an executive perched on his desk while talking on the phone about MCI: "So I called 50 of their customers. They were even more enthusiastic than the damn company."

One thing MCI and Wells, Rich succeeded in doing was creating the impression that innovative telephoning products exist. Considering that all MCI really has is wires, this required creative packaging talent at MCI headquarters and subtle salesmanship abilities in the Manhattan offices of the agency. "A calling product is really nothing more than how you price a call or group of calls and how you structure bills," says Fleming's Pafumi.

MCI customers are now jumping on the bandwagon to sign up for Prism I and Prism II calling, which are dressed-up WATS packages. Is MCI's new 1-800 service better than AT&T's? The man in the tv commercial, who says his telephone is his store, manages to be convincing when he says MCI's 1-800 service has made the store busier; the follow-up trade ads tell why the service gives "more flexibility and more customization."

Such marketing efforts weren't limited to the phone service, either; MCI's other offerings received equal attention. The company and its agency embarked on a coordinated effort to make the MCI calling card "America's Business Card." In one commercial, nearly everyone at an international airport is making crucial calls with the card; in another, a man says the card is invaluable because his calls are all billed to his office phone.

The card push was reinforced by slick magazine ads. One features an attractive businesswoman wearing sunglasses, talking on a pay phone and



writing in a very jammed Filofax while she holds her MCI card in her mouth. The caption: "Call . . . for the same price as if you were calling from your desk. So now you can have the biggest office in town, because the town is your office."

This campaign was capped off by an "event." MCI mailed a Lucite briefcase containing a live MCI card to top business executives. About 30% of them used the card. Then another mailing offering a free card went to another set of executives. A quarter of them ordered the cards. Both mailings were followed up by calls from MCI sales representatives. "We took a product that wasn't new or hot and gave it a full dimension of exposure," says Ranzer.

MCI's most lavish

marketing campaign was for its MCI fax service. While the company calls it the world's first dedicated fax network and says it transmits faster and renders higher quality copies, observers say it's little more than conventional fax service on MCI wires. "Instead of saying, 'Yes, we have fax,' they've packaged it more creatively and added a little sizzle. It's very

paign translate to increased market share. Throughout the year, as ads broke, marketing executives hit the road and presented detailed explanations to sales offices in major cities.

One sure yardstick of MCI's recent marketing success is AT&T. It is responding furiously to its competitor's gains, through advertising efforts and the way in which it treats its customers. "I don't see how anyone with a straight face can say that the competition hasn't

AD EXPENDITURES '88:

MCI	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATION	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	LNA SUNDAY MAGAZINES	MR NEWS-PAPERS	LNA OUT-DOOR
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
1987 TOTAL (000) \$33,892.5	\$11,357.1	\$74.8	--	--	--	\$2,205.3	\$6,184.5	\$106.2	\$13,964.6	--
JANUARY-SEPTEMBER 1988 TOTAL (000) \$32,074.5	\$24,403.3	\$233.8	\$6.8	--	--	\$1,467.9	\$4,910.3	\$40.4	\$992.4	--

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).



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KIWANIS magazine delivers a unique, quality audience of top executives, small-business, professional, and community leaders.

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TELEX: TXW 810-341-3471
FAX: 317-879-0204

Source for all statistical data: A.C.M.S., 6/87
Subscriber Study Report.

smart," says Grubman.

The blitz started on election night with a series of puzzling 15-second commercials. They showed business people plotting something secretive — possibly sinister. The evening culminated with a longer spot explaining it was revolution that was being planned — a fax revolution.

The night's tv ads were followed by a two-page spread in the *Wall Street Journal*. One page said only, "What a beautiful day for a revolution." The next page elaborated. Subsequent ads in the *Journal* explained MCI fax's "speed," "value" and "quality." There was a coupon on the bottom of the ads that readers could fax to MCI for more information. Each day about 500 readers did just that.

Leading National Advertisers Inc. says MCI spent \$24.4 million on network advertising and \$4.9 million on magazine advertising January-September 1988, compared with \$11.4 million on network and \$6.1 million on magazines in all of 1987.

Close contacts between the MCI marketing staff and the company's sales force helped the overall MCI cam-

had a significant impact on how we advertise and operate," says Burke Stinson, district manager for AT&T headquarters in Manhattan.

AT&T is now trying to show that it, like MCI, offers impeccable customer service. Current tv spots have company employees talking about the high level of dedication among its ranks.

In the past 18 months, Stinson says, AT&T has transferred 2,500 behind-the-scenes employees to line positions that require customer contact. The company has recently petitioned the FCC to lower a number of business rates, including the prices it charges hotels, a market MCI has been particularly successful at penetrating. AT&T developed ProWATS products to compete with MCI's Prism products. The larger company will soon offer business customers more detailed billing.

Some believe that AT&T is taking such drastic steps that MCI will have to re-double its marketing efforts again this year. "AT&T has signaled it won't take any more market erosion," says Thompson McKinnon's Holmes. MCI, however, is likely to continue sending busy signals of its own. ■

CREAM DE LA CRÈME

Look over your shoulder, Coke and Pepsi. Tiny A&W has some surprising big hits.

What do you do if you're in a business where your two chief competitors control 70% of the market and have left a trail of dead or bloodied rivals as they fight to the death for every last share point? The answer for one soft-drink marketer has been to duck out of Coca-Cola's and Pepsi-Cola's way and to mine the niches.

A&W Brands Inc. has become perhaps the unlikely success story in the chaotic \$26 billion soft-drink industry by hunting for big "small" opportunities and successfully wooing bottlers. It also has stretched its tiny ad budget by looking for specialized events or media where it can make an intense, concentrated impression.

For A&W, all this has come together best with

by Rebecca Fannin

its recent introduction of sweet tasting, vanilla-scented cream soda.

Known for its root beer,

A&W took a gamble and brought out the first nationally-sold cream soda in 1987. Backed far more by good marketing sense than financial muscle, A&W wowed bottlers and consumers alike by doubling the market for the specialty drink to \$400 million. Not only has cream soda proved to be a winner that bottlers and supermarkets are vying to carry, but all of A&W's new-found sales have been incremental. Its flagship root-beer brand is stronger than ever.

Though total soft-drink industry sales rose 4.5% last year, A&W's bubbled up by 25% to \$100 million. Cream

soda accounted for 40% of the gain, but root-beer sales were up 11% as well. In the process, A&W lifted its total share of market from a 1.6% sip to 2%. Though that number is hardly enough to make Coke or Pepsi tremble, as their overall corporate shares are 40% and 31%, respectively, individual brand performances highlight A&W's progress. For instance, A&W's root beer, which accounts for one-third of all such flavored sales, is now right behind the 20th largest-selling brand, Cherry Coke. A&W cream soda has leaped on the charts out of nowhere, slurping up 0.4% of all sales (and half of its category's volume), making it the 32nd largest brand.

"A&W used to be a sleepy company, but they have proven themselves to be smart managers and marketers," praises Emanuel Goldman, an industry analyst with PaineWebber. Agrees Michael Bellas, president of consulting firm Beverage Marketing, "They have done a wonderful job in launching cream soda — it was almost a perfect introduction." As he points out, not only has cream soda found an audience, "but it hasn't cannibalized their root-beer business."

A&W's strong sales performance has translated into handsome profits. The company's net income soared from \$1.5 million in 1987 to \$7 million in 1988. As a result, investor confidence is growing. The company's stock price is topping \$18 a share, up from \$11 in mid-1987.

"A&W's success is the most unexpected in the business," observes Bellas. That's hardly an overstatement. Few companies





could have survived — much less flourished — following A&W's jagged path—Over the last six years, the White Plains, N.Y.-based company has had four changes in ownership. United Brands took a swig at it, followed by Castle & Cooke and then two venture capital firms. In 1986, A&W joined with Hicks & Haas, a buy-out specialist that also has stakes in Seven-Up and Dr Pepper, to do a leveraged buy-out. A year later A&W went public, with Hicks & Haas keeping a 16% stake and A&W management, 7%.

This last incarnation seems to have done the trick. A&W Brands, which started life 70 years ago as a hamburger and root-beer chain, is basking in hard-won glory. "The small guys normally don't get a lot of press, so I take a lot of personal satisfaction in our recent success," says Mike Weinstein, vice president of marketing.

A&W's culture began to change at the beginning of the decade when M.L. Lowenkron was recruited from Cadbury-Schweppes as chief executive. Weinstein joined a year later from PepsiCo. The two began to cultivate relations with bottlers, who weren't so keen at pushing ever-sluggish root-beer sales. Besides picking up national advertising costs, the two promised bottlers flexibility in timing regional promotions and a willingness to listen.

Weinstein and Lowenkron also set about considering what beverages they could add to the A&W lineup. Under private ownership, A&W had been treated as a classic cash cow, according to analyst Goldman. But with the buyout complete, A&W went to work at a hectic pace. In 1986, it rolled cream soda into tests and acquired Squirtco, which produces a grapefruit soda, Squirt, that is available in 60% of the country.

***Marketing's Weinstein
curried favor with
consumers, supermarket
buyers and bottlers.***

The following year, A&W purchased Vernors Inc., a ginger drink sold mainly in the Upper Midwest. "Most companies, when they go through a leveraged buyout, sell off assets and fire people," says Weinstein. "But we did the opposite. The whole time, we were pretty confident with what we were doing."

That's surprising, because A&W's moves were fraught with risks. First, A&W had to make sure that it made sense for its image to be associated with a cream soda. Secondly, management had to be darn sure that a cream soda wasn't going to eat into root-beer sales. "We didn't want people to think that this was like root beer with cream," says A&W's Weinstein.

Once these decisions were made, A&W had to worry about how cream soda was going to be distributed. Supermarket buyers, fed with an avalanche of new flavors like Cherry 7Up and a seemingly infinite number of Slice variations, were none too gung-ho about taking on yet another flavor.

And A&W, unlike Coke and Pepsi which own several bottlers, had to line up independent bottlers. There was also concern about how to afford the millions to launch a new soft drink.

But A&W looked upon these problems as opportunities. Its optimism grew out of the belief that A&W had developed a brand that replicated the rich taste of the old cream sodas.

Beginning in mid-1985, the company hired Bruskin Research to find out whether consumers liked the taste of cream soda, whether it would fit with A&W's quality, traditional image and complement its root beer. "When people tasted it, there was this incredible reaction, 'Isn't this great!'" says Jill Mizrahi, director of brand management. "Then we found that people thought it most likely was made by A&W. And what was really surprising was that we were finding that there would be hardly any cannibalization [of the root beer]," she adds.

With a go-ahead on all fronts, cream soda moved into test market cities Fort Wayne, Ind., and Ogden, Utah, in mid-1986. But the company moved cautiously. "We didn't want to have the product in test market for only three minutes and then roll it out," says Weinstein. "We wanted to learn something." The company switched from radio to tv commercials during the test markets when volume proved too low. With tv spots, says Mizrahi, "we got a 64% trial rate and over 80% in repeat purchases. That's when we knew we had a hit."

Once the news reached A&W bottlers, they began pressing for the chance to sell cream soda in their markets. A&W complied, and by fall of 1986, the cream soda was available in 10% of the nation. In 1987, A&W expanded it to 45% coverage and by the spring of last year, it was national. "I think they made a good strategic move," says competitor Brent Goddard, a marketing manager at Shasta Beverages. "Al-

JOYCE DOPKEEN/NTV PICTURES





though they don't have the huge sums of Coke or Pepsi, they did a good job with the launch."

Regional competitors claim their brands haven't suffered as a result of the new A&W brand. "We're glad they're spending money on this beverage," says Shasta's Goddard. "It has helped our sales to go up too." With the introduction, however, market shares have shrunk. Shasta, the second-largest brand name in cream soda, has 6% of the market. Other major players such as Dr Brown's have about 4%. Private label brands control 30%.

Winning over the bottlers — two-thirds are either Coke or Pepsi affiliates — was helped by the traditionally strong relations the company enjoys with distributors. "While A&W is a minor player, they are a great niche player

catching banner to the logo.

Similarly, A&W has cultivated the supermarket buyers. Aware of the stores' money maker, A&W placed point-of-sale material at the deli section that promoted cream soda with a Dagwood-like sandwich.

Another way A&W got leverage was by favoring sampling programs over heavy couponing. Concerned about staying within budget, the company only ran one introductory coupon offer for each market. Instead, big bins full of 19-cent sample cream sodas were set up in stores.

Of course, slotting allowances or payments by the bottlers to encourage the store to stock the product were also

Sanderson touts both root beer and cream soda to establish continuity and get efficiencies.

But A&W goes for bigger ideas as well. Last year, for example, with the savings of a relatively soft upfront market, A&W allocated \$1 million in tv commercials to run during the week of August 22. "When you're not a major player, you have to figure out ways to stand out," Schneider explains. In a similar move, A&W ran 35 spots on one summer Sunday, dubbed Cream Soda Sunday. "If you were watching tv that day, there was no way you could miss a commercial," she says.

Wrestling sponsorships haven't been above A&W's reach either. For cable's wrestling fare, cream soda sponsors a 30-second vignette where slams (when a wrestler gets thrown down to the mat)

from the weekly matches are replayed. For a month, new spots from different matches are aired. Viewers are asked to call in a 900-number to vote which slam is the most powerful. "Wrestling fits our image well. We're not Rolls Royce," adds Schneider.

With cream soda's promising start behind, this year A&W has set its ambitions higher. Next on the agenda is the strong possibility of taking

Squirt national and expanding root-beer sales overseas. "We are on a roll, and we're not quitting soon," promises Weinstein.

Cream soda won't be left behind. The company is ambitiously aiming to increase trial of the drink. In the spring, A&W plans to run a national promotion that is unified with the national advertising. Point-of-sale displays created by A&W's promotion agency, Comart Associates, will feature the ad spokesperson. And there is a big opportunity here because, according to Mizrahi, 71% of all Americans have tried a cream soda, and 57% have sampled the A&W brand. But it is the repeat purchase rate that has Mizrahi's calculator clicking. She notes with satisfaction that 80% of those who taste A&W cream soda come back for more. ■

AD EXPENDITURES '88:

	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDI- CATION	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGA- ZINES	LNA SUNDAY MAGAZINES	MR NEWS- PAPERS	LNA OUT- DOOR
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
A&W SOFT DRINKS— DIET & REGULAR										
1987 TOTAL (000)	\$3,981.8	\$2,429.4	\$120.5	\$266.7	—	\$164.3	—	—	\$276.3	—
\$7,239.0										
JANUARY-SEPTEMBER 1988 TOTAL (000)	\$4,856.9	\$2,179.3	\$505.3	\$1,012.3	—	\$55.5	—	—	\$399.7	—
\$9,009.0										

Source: Broadcast Advertising Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

in that they are leaders in their flavor segments," says Tom Foristel, vice president of marketing for bottler Coca-Cola New York. "A&W cream soda is one of the great successes of any new product I have been associated with," he continues. "They identified an opportunity and went after it."

It doesn't hurt the relationship that A&W has historically paid for national advertising. Bottlers only chip in for spot radio. "That way we can avoid arguments over where the money should be spent," says Weinstein.

No bottler complaint is seemingly too small for A&W's attention. When bottlers said they couldn't tell the difference between cream soda and root beer when it was stocked in the corrugated trays, A&W changed the packaging for cream soda, adding an eye-

routine. Foristel says that major chains were given five free cases for every package delivered to individual stores.

With only a \$10 million advertising budget, A&W had to plan carefully how to stretch it. "We try to be more creative with our budgets, to do something out of the ordinary," says Nancy Schneider, vice president and associate media director at Della Femina McNamee, A&W's ad agency since 1971.

One way to do that is to spend from April to September, a period when soft-drink sales peak. A&W aims for high impact network television, cable and syndication. There has been no print, except for coupon delivery through free-standing inserts.

Spokesman Bill Sanderson (Larry of *Newhart* fame) conveys the A&W image — unpretentious and down-home.

A MODEL MAKEOVER

Never underestimate a good rivalry. Maybelline hasn't, and now it's on its way to regaining the lead from Cover Girl.

It happens to everyone. We get a little older, lose some of our edge, spread in some of the wrong places and just kinda get dowdy. It even happens to companies. Take Maybelline, for instance — a beauty marketer, no less. It had ignored the little sags and frown lines on its corporate face. There were even whispers that its drug-company parent, Schering-Plough, was ready to dump it. "It wasn't a consistent advertiser, it wasn't active in new products and the parent was not very aggressive," tells Bonita Austin, a cosmetic analyst with Wertheim, Schroder in New York.

The day of reckoning came in 1986, when Maybelline lost the industry's sales

by Pamela Ellis-Simons

lead to arch-rival Cover Girl. That jolt made the Memphis-based company take a good hard look in the mirror. Not liking what it saw, Maybelline toned itself up, put on a new face and went to town, winning a lot of admirers along the way. Age, the 74-year-old mass-marketed cosmetic brand has proved, is only a state of mind.

Maybelline reorganized and revamped its dated image with a slew of successful new products that appeal not only to teens — its traditional target — but older customers, as well. Its advertising has been completely revamped, from the creative, which now features fresher faces and more compelling taglines, to the media

strategy, which now embraces everything from print to cable to point-of-purchase radio.

The makeover is paying off in spades. Company sales spurted some 10% in 1988, estimates Diana Temple, cosmetic analyst for Salomon Brothers. Insiders say they'll better those numbers this year. Even more significantly, Maybelline is that close to retaking the lead in the \$1.7 billion facial makeup industry. According to Nielsen data, by mid-summer the company had picked up almost one full market-share point to 19.5%, putting it only an eyelash away from Noxell Corp.'s Cover Girl 19.9%



take. "It's a real tough category to make any market share gains" in at all, notes an admiring Bonita Austin.

The two most responsible for whipping Maybelline back into shape are company president David Brittain and Gary Mulloy, who has recently been promoted to senior vice president and director of marketing, advertising and research. Previously, he held the plain-vanilla title of marketing vice president. The two work so closely together that when Mulloy caught the flu in February, Brittain reportedly said he'd be ill the next week. In the industry, Brittain is credited with building Maybelline from an ugly duckling brand then-Plough Inc. bought 20 years ago to the swan it is today. "They are a good balance of old- and new-guy attitudes," says an observer of the team. Indeed, Brittain is nearing retirement, and Mulloy is the heir-apparent.

Mulloy himself is quite candid about Maybelline's previous errors. "We had stopped taking the chances we should have," he says. "We had a too-serious view of the business and took the fun out of it." Turning it around, he adds, meant a "recommitment to what had made the company successful in the past — new products, a good level of risk taking, innovative promotions, being unconventional. Those are the keys to success."

Maybelline has been using those keys to unlock every consumer and retailer door. For example, one of the more unusual — and sales-pleasing — promotion events occurred when colored mascaras

were all the rage a short while ago. Maybelline offered trial-size mascara in 12 colors and had such a huge sellout that the company did it twice.

At the same time, Maybelline researchers have been in a tizzy creating and packaging new products. Marbelized eyeliners and caked powders were introduced as a full palette of shades, which made up for some glaring omissions. Last year's Perfect Pen brought a soft-tip felt pen to the eyeliner world, while Cream-on Shadow and Performing Mascara offer longer-wear performance. And for busy women on the go, who have to stuff everything into teeny Chanel handbag knock-offs, small-sized packaging was made available.

Maybelline is making other product news. The company has long been eyeing the success many of the upscale brands have had in marketing "cleaner" cosmetics for those with allergies or sensitive skins. When Clarion, sister brand to Cover Girl, hit a nerve with such a positioning, Maybelline reacted. Rather than develop a separate line of Maybelline cosmetics for this market segment, the company decided to make all its products dermatologist- and ophthalmologist-tested. By mid-year, the process should be complete, and Maybelline ads will soon tout the unique all-products positioning.

Mulloy says the company "is working on a number of other things" and has broken ground for a purely exploratory research laboratory to look at major ingredient and formula innovations. Although all the research will be done for and by



Maybelline transformed. Brittain (right) and Mulloy are chief among the artists who are taking the risks and reaping the rewards in the company's corporate makeover.



ADAM CHINITZ

Maybelline

Maybelline, Mulloy notes that sometimes the company does share information with its drug-company parent. "Their affiliation with Schering-Plough gives them an unmatched capability in research for a mass-market brand," says Temple of Salomon.

According to observers, Maybelline's makeover was more than skin-deep. They also completely reorganized the company into teams of sales, packaging and research personnel, making these key decision-makers better able to jump on new fashion colors, trends and "in-and-out products." Maybelline makes members of agency

Maybelline consolidated its business. Mulloy calls Shine Free the number-one teen brand of cosmetics and one of the few that are committed to being just for teens.

The company reaffirmed its commitment to "pull" rather than "push" demand by increasing its consumer media advertising. According to Wertheim's Austin, the advertising budget will bounce up some 25% to \$50 million this year, with other dollars earmarked for promotion. "We had always been one of the leading advertisers in cosmetics, first on radio and then television," says Mulloy, who

president at Needham and group creative director. The agency strongly counseled setting forth a clear image and consistency. "We said, 'You are spending \$35 to \$40 million a year in advertising, and we are not seeing you,'" recalls Dawn Hudson, senior vice president and group account director. "That's what image and a consistent look can do for you. It gives a net-net greater impression in a very up-and-down type of business."

The company's new advertising platform borrows heavily from its past. Maybelline used to be known as a good value for the dollar — "Fine cosmetics, sensibly-priced."

Its packaging has always been less costly, so it's less expensive. "But we wanted to dwell on how innovative it is," explains Hudson. Needham also wanted to appeal to today's more sophisticated shopper. "The campaign is predicated on acknowledging a

woman's intelligence," adds Werme.

The Needham creatives found the word "smart" contemporized that thought. Both Maybelline and the agency tested the new logo through focus groups, individual interviews and advertising testing to confirm the new tagline — "Smart. Beautiful. Maybelline." The line got across the more rational, educated decision side, as well as the emotional tug, or as Hudson puts it, "hope in a bottle."

The attitude of the new ads, which air on daytime and prime-time soaps, as well as in what the agency dubs "hunk" or Tom Selleck-type shows, is one of reality. The ads try for a conversational tone, with words real people are likely to use.

In print ads, the top half of the treatment discusses the performance of the product, called the "Smart" part. The bottom picture gives the payout, or "beauty" aspect. What Werme calls "snipes" or flags hyping the product — like "wears on and on" — are contemporarily done as phrases torn-out of

AD EXPENDITURES '88:

	BAR NETWORK TV (000)	BAR SPOT TV (000)	BAR CABLE TV (000)	BAR SYNDI- CATION (000)	BAR NETWORK RADIO (000)	RER SPOT RADIO (000)	LNA MAGA- ZINES (000)	LNA SUNDAY MAGAZINES (000)	MR NEWS- PAPERS (000)	LNA OUT- DOOR (000)
MAYBELLINE										
1987 TOTAL (000)	\$27,338.0	\$1,707.6	\$1,728.0	\$398.9	--	\$1,065.2	\$10,840.4	--	--	--
\$43,078.1										
JANUARY-SEPTEMBER 1988 TOTAL (000)	\$13,338.7	\$174.1	\$3,003.0	\$810.5	\$1,801.0	--	\$12,846.6	--	--	--
\$31,973.9										

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

DDB Needham Chicago part of the process by issuing them "Team Maybelline" passes with their pictures on them. "It's a spirit, an attitude of trust," says one observer.

Maybelline continues to work on products that broaden its appeal from its strong teenage base. Historically a mascara house whose products were found in five-and-dime stores, Maybelline extended into lip, face and nail products in the late 1970s. But lately, it has released new products that appeal to an older consumer. The Moisture Whip line was one of its first efforts, followed by the sleekly packaged, upscale Slim Elegance lipsticks. The \$6 Perfect Pencil is a product aimed at the over-20-year-olds, as is the upscale Performing Mascara.

To keep a high profile among its prized teenage customers, however, the company started a new, oil-free line of cosmetics for teens, called Shine Free. The Bloom Agency in Dallas, one of Maybelline's earlier advertising agencies, retained that account when

was head of consumer business in Europe in the early 1980s before returning to head marketing in 1985. But Maybelline moved too much ad money into the trades and "lost our way a bit," he admits. The company has since allocated more for consumer media, thereby perking sales and image, which also pleases retailers. Keeping Needham's advice in mind — "Remember your strength" — most of the ad money goes into eye products.

One of the most important things Brittain and Mulloy did was to repair Maybelline's smudged image. The company had long used Lynda Carter as a spokeswoman, but this usage was not translating into a clear image or consistency of look. Maybelline had earlier tried a corporate-type campaign to build recognition for the group, but since women are item, not line buyers, the effort failed.

In the fall of 1987, DDB Needham was chosen in an agency review. "It was a match made in heaven, via Memphis," quips Judith Werme, senior vice

a magazine.

Some of the most creative elements of Maybelline's new ad thrust are coming out of DDB Needham's media department. Michael White, senior vice president and director of Needham's media department, is credited with winning the account from Maybelline's in-house set-up due to his slightly unorthodox media strategy. White is a

strong adherent of understanding consumer motivations, and the client's marketing world, before beginning to devise media plans. For instance, White (*M&MD's* media director All Star for 1988) became convinced that Maybelline needed to get closer to the point-of-purchase, as women often buy cosmetics as a spur-of-the-moment trifle. He recommended that Maybelline

buy POP Radio, a point-of-purchase music and commercials programmer. Maybelline inked a "several million dollar" contract and now has this music-with-a-message advertising reaching into 4,000 stores.

A classic White move was to buy eight right-hand pages in *Cosmopolitan*, *Glamour* and other magazines, and showcase one product right after another. His idea, he says, "was to bring a look of size, build some imagery and go beyond item-specific advertising." This way he could also take the credibility of Maybelline's strength in mascara and lend it to the newer products.

In another departure from the norm, White "dramatically increased" Maybelline's cable usage. About 15% of Maybelline's budget now goes to that medium. DDB Needham and Maybelline have used such devices as sponsoring beauty-tip vignettes on the Lifetime network.

The company is also marketing more heavily to black and Hispanic women via specialized media. Maybelline pioneered advertising on Hispanic tv, says Mulloy, by making a million-dollar commitment in 1987, which has been upped each succeeding year. According to internal research, awareness and purchase intent for Maybelline products among Hispanics was up 30% in 1988.

Distribution has always been a strong point for Maybelline and is getting even stronger. The company relies on its own sales force to stock its 150,000 accounts around the country. Maybelline's base strength lies in drug stores, while Cover Girl dominates the intensely-competitive supermarkets. But Maybelline is going after more and more of the food business by offering retailers new promotions and in-store displays. "We don't give up share points anywhere easily," vows a determined Mulloy.

All in all, Mulloy feels confident that Maybelline is on a roll. "Our research says we are moving in the right direction," he declares. With its self-confidence raised by its new look, Maybelline is out to wow 'em. ■

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NEAT SHOT

Absolut bucks the trends even as it sets them by leading its category in growth in a very dry market.

While the only lift in spirits these days for many liquor executives may come from the corner bar, one brand continues to offer its team a reason to celebrate: Absolut vodka. To join that party, however, you'll have to go to a much trendier watering hole with a very exclusive door policy.

In an industry where consumption is on a decline, Carillon Importers' Absolut vodka once again increased its market share and maintained its lead as the number-one imported vodka in the U.S. in 1988. The Swedish spirit has taken the prize every year since it surpassed Russia's well known and well entrenched Stolichnaya in 1985, and it has done so despite nationwide anti-drinking efforts that are having a dramatic effect on consumption patterns.

by Brian Bagot

"Absolut has been very successful in taking drinkers away from other categories, particularly young premium drinkers. It does a large percentage of its business in bars and restaurants and is supported by very creative advertising," says Frank Walters, director of research for M. Shanken Communications, publishers of alcoholic beverage industry trades *Impact* and *Market Watch*. "The ads help support the brand and support the drinkers' image."

They also sell product. Absolut first landed on U.S. shelves in 1979, and in 1980, the first full year it was sold here, only 45,000 cases were imported. In contrast, Absolut's 1988 imports were 1.8 million nine-liter cases (the industry measurement standard), according to Michel Roux, president of Carillon and the chief imagemaker behind the brand. This com-

pares with 1.4 million cases in 1987, a 28.6% increase. And it's expected that Absolut will reach the 2 million mark this year.

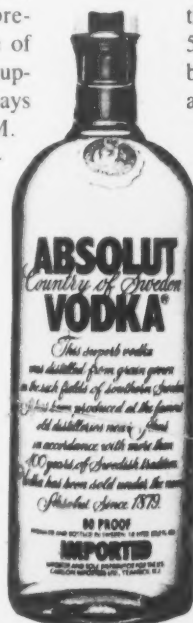
These figures translate into a 56% hold on the U.S. imported vodka market and a 5% share of the total U.S. market, according to Walters. Stolichnaya is number two with approximately 30%. Imports contribute about 3.2 million cases to the overall annual 38 million-case spirits business, taking an 8% share, he adds.

Domestically produced vodkas still take center stage in the U.S., and Smirnoff gets top billing. Retail sales of Smirnoff in 1988 are estimated to be about \$600 million, compared with Absolut's \$260 million, and Smirnoff advanced 2% last year.

Meanwhile, Absolut's flavor-added extensions, Citron and Peppar, also show slow but steady growth. Citron is currently moving at about 10,000 cases a month, and annual consumption in three years is pegged by Roux to reach about 500,000 cases. Peppar, mostly limited to bloody mary drinks, is currently moving at about 20,000 cases a year.

Such category growth is very much the exception as America's drinking habits change. Adult per capita distilled spirits consumption in the U.S., representing 170 million people, slid to an estimated 2.2 gallons in 1988, down 4.3% from 2.3 gallons last year. Vodka's growth, therefore, has been at the expense of other spirit types. Vodka is the largest category in the industry, totaling about 24% of the distilled-spirits business.

While Smirnoff takes the prize for attracting the masses, Absolut rules with the high-class vodka crowd. With



ABSOLUT

the benefit of an \$18 million ad budget last year, Carillon continued to reinforce its image as *the* vodka to drink in 1988. Roux's philosophy is to keep the product connected with the upper-end, trend-setting artsy crowd, so in addition to the regular campaign of Absolut ads, he has enlisted American painters, sculptors, photographers and fashion designers to create an Absolut bottle in their medium for a series of advertisements. This year's budget has been set at \$22.5 million.

Those ads are as likely to appear in the out-of-the-mainstream press, including *Spy*, *Details*, *L.A. Style* and *Interview*, as they are in newsweeklies. The idea is to reach fashion-forward readers and, through them, create a perceived value for Absolut as the premium vodka.

"These magazines are very important for us," says Roux. "Besides the

pleasure of art, it's important to be associated with art in general. The artists and the people who buy art are the trendsetters in this world. Their association with Absolut sets a trend with Absolut."

Jonathan Newhouse, publisher of *Details*, agrees, saying, "Michel recognizes the importance of the trend-setting market. He's a pioneer." For example, Roux has recruited eight hot American fashion designers for an eight-page insert in the April 1989 issues of *Vogue* and *Details* showing their clothes, which feature the Absolut logo.

Like a perfect martini, gaining and holding share is a matter of mix, Roux acknowledges. If such experimental buys are the vermouth, the base remains a long list of established magazines, including

JUDY GURONITZ

Sports Illustrated, *Vanity Fair*, *Business Week*, *Rolling Stone*, *Esquire*, *Time* and *Newsweek*. Since these publications aren't often referred to after being read, particularly the newsweeklies, frequency is the issue here. Roux explains that an ad running only two or three times a year in *Newsweek* is a waste.

"You have to be there at least eight to ten times during the year," he says. "People have to remember you."

Roux's choice of magazines is based on his belief that, to win the palates of the people, the psychodynamics of the magazine readers are an element that needs to be addressed. "When somebody reads an art magazine, they are reading for leisure. Their state-of-mind is not the same as when they're reading a weekly magazine. The brand becomes part of the enjoyment and the ads are more conducive to the state-of-mind," he explains.

Additionally, the ads in most cases are designed to reflect the magazine genre in which they appear. To help assure a tailored fit, the ad reps of the various magazines chosen, as well as some being considered, are asked to generate ad ideas. These are then fine tuned by Roux and Carillon's ad agency, TBWA. Joel Kessler, associate publisher/director of advertising for *ARTnews*, who sees Roux as tied to the markets, explains, "Roux is tailoring the ads to fit a particular audience and selling through something they understand, which is art."

"It does work," points out Roux. "Most of the things we're doing come from these sources. We realize as marketers, in order to address ourselves to the look, the ads have to be tailored to the special magazines."

As examples, *Fortune* runs ads featuring a gold Absolut bottle as the "Absolut Standard," while an ad in *ARTnews* may reflect the creativity of Andy Warhol or Keith Haring. "If it blends, it's a good ad, and if it doesn't, it's bad," explains Roux.

A measure of success for the "Absolut Cameron" ad, which ran in fashion and downtown books and featured David Cameron's Absolut fashion statement, are the several thousand phone calls requesting the silver Absolut dress it featured. (Sorry, Carillon is not entering the apparel business — yet.) And over at *Spy*, the ad people developed the concept for an "Absolut Participation" contest that ran as a four-page spread in the March issue. They invited readers to create and submit Absolut ads for judgment by a

Michel Roux leans heavily on hip artists like Kenny Scharf to give his brand its cool identity.

ABSOLUT

panel of critics. The winner: Todd Edan Miller, who in addition to taking home \$1,000 had his ad — "Absolut Sartre" — appear in the October issue.

On the slate for 1989 is the literary promotion scheduled for *Esquire* this summer, when readers can submit short stories that include a mention of Absolut vodka. The winning entry will be published in the magazine.

Roux is also a supporter of start-up publications. By being there from the start, Roux is able to get good position, as well as the chance to reserve positions for periods of time. "I can get the back cover for a number of years," he says. "In some ways it's a deal, but

of other objects. In the Cameron ad, the woman became the bottle," says Richard Lewis, vice president, supervisor, for TBWA. "The idea is to make the bottle the hero in a whimsical fashion. It's always the headliner: Absolut and something else."

With 85% of the year's media dollars going into print, the balance is picked up by outdoor, another traditional medium used in an untraditional way. Billboards, like print, tie in with the locale. To help spur sales with the *haut monde* in Beverly Hills, for instance, an "Absolut Drive" billboard

combined circulation, since media coverage was tremendous.

The ad managed to get Absolut taboo tv air time, since it was deemed newsworthy by some 40 news programs, says Roux. In print, the story was picked up by about 300 newspapers. "You can't measure the value of the PR we get out of this," he adds. "Also, people are more interested when presented with the story by a news anchor than an ad."

Carillon is owned by London-based Grand Metropolitan Plc., but falls under International Distillers & Vintners Ltd. (IDV), the alcohol and beverage arm of Grand Met, while Absolut is

owned by the Swedish government. Other brands marketed by Carillon include Grand Marnier liqueur and Bombay gin, which are marketed under a similar philosophy but to lesser effect. Sales of Grand Marnier were up 3% in 1988, while Bombay gin rose 16% on smaller case bases.

Grand Marnier is projected to hit 410,000 cases this year, while Bombay is pegged at 250,000 to 275,000 cases. Ad budgets in '89 will be expanded to \$11 million and \$5 million, respectively.

Ironically, also reporting to IDV is Heublein Inc., marketer of the number-one and number-two vodkas in the U.S., Smirnoff and Popov, both domestics, as well as Finland's entry into the U.S. imported vodka market, Finlandia. Walters estimates Finlandia's sales in 1988 at about 275,000 cases, up 22.2% from last year. Finlandia stands at number three among imports.

From an operating standpoint, Carillon and Heublein are totally autonomous. As a spokesperson for Heublein points out, "We don't link forces. There's not a whole lot of communication between the two companies."

And Roux concurs: "As a matter of fact, all of our marketing data are kept within the walls of Carillon. I'm not looking at what the other one is doing. I worry about my product." ■

AD EXPENDITURES '88:

ABSOLUT	BAR NETWORK TV (000)	BAR SPOT TV (000)	BAR CABLE TV (000)	BAR SYNDICATION (000)	BAR NETWORK RADIO (000)	RER SPOT RADIO (000)	LNA MAGAZINES (000)	LNA SUNDAY MAGAZINES (000)	MR NEWS-PAPERS (000)	LNA OUT-DOOR (000)
1987 TOTAL (000)	--	--	--	--	--	--	\$5,496.7	\$700.7	\$213.8	\$349.0
JANUARY-SEPTEMBER 1988 TOTAL (000)	--	--	--	--	--	--	\$4,073.0	\$508.5	\$28.9	\$230.8

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Research (MR).

the price I pay is the same as it would be for others."

Another strategy employed by Roux that keeps Absolut connected with the cultured set is the sponsorship of special events, which consume 20% of the budget. One event was last year's Absolut Grappelli concert at Carnegie Hall celebrating violinist Stephan Grappelli's 80th birthday. On the agenda for '89 is an Absolut Concerto November 29 at Lincoln Center's Avery Fisher Hall.

Demographics are used when he's planning an offensive, but they're not a rule that's strictly followed. The target audience is everyone 21 and older "with the ability to drink. I have a whole spectrum," Roux says. Because of the emphasis placed on the medium, the ads fit into *Smithsonian* as comfortably as *Sports Illustrated*.

And in all of the ads, it's the bottle that continues to be in the center of the action, and in some instances, has even transcended itself. "It's taken the form

works the bottle in with a scene of Rodeo Drive. And in the Windy City, a bottle with its letters blowing away is "Absolut Chicago."

Absolut outdoor ads were also on the move last year in New York — literally. Cruising the streets of Manhattan on the backs of trucks were reproductions of Absolut bottles sitting on beds of acrylic ice. The trucks started rolling in San Francisco and Washington in February.

Not only were some of Absolut's advertisements and vehicles slightly off center, some special effects ads were interactive. Most recently, its Christmas holiday print ad — always a blockbuster — featured a flat, liquid-filled plastic Absolut bottle that when turned upside down, generates a snow fall reminiscent of those water-filled, snow-scene globes. Although only about 1 million of the ads were printed, at 75 cents apiece, and run in *L.A. Style*, *New York* and *MarketWatch*, the reach of the ad far exceeded the com-

KING OF THE ROAD

Budget-minded Motel 6 is back in the black this year, thanks to gung-ho thinking and a very laid-back campaign.

Joe McCarthy and Hugh Thrasher love to tell this story:

A woman races down the San Diego Freeway, the top down in her Mercedes convertible, her blonde hair whipping in the wind. Her car radio is on and an ad begins: "Hi, Tom Bodett for Motel 6 here," says the spokesman, in a sort of half-bored drawl. "I'm sitting in room 201 in Yuba City, California, and it's wild. We're watching color tv, I'm talkin' on the phone and my family's thumbing through the yellow pages. I'm tellin' you, we're having a ball."

by Carol Hall

The woman, a real-estate agent from Minnesota, pushes her mink aside and grabs the car phone. "I just wanted to talk to the company that has such interesting commercials," she enthuses to Hugh Thrasher, executive vice president of marketing and development for Motel 6. "I'm heading for the Mexican border, and this guy has me convinced that the real action is up in Yuba City!"

In the economy, or budget, segment of the \$51 billion, 2.8 million-room lodging industry, Motel 6 is where the action is. Founded in Santa Barbara, Calif., in 1962, this chain of — there's only one way to say it — cheap motels (the 6 originally stood for \$6-a-night) has reversed a five-year decline in its occupancy and increased its market share and earnings. As the nation's largest chain of budget motels, it has greatly expanded its operations and along the way has picked up three Clio awards, an Effie from the Amer-

ican Marketing Association and six awards from the Hotel Sales and Marketing Association International. Not bad for a chain that until 1986 had no marketing department, never had an ad campaign and didn't even have telephones in its 12'-by-12' rooms.

The recovery began when Motel 6, having hit bottom in 1986 with an occupancy rate of 66.7%, increased occupancy in 1987 by six percentage points to 72.7%, or 12.6 million overnights. It posted a net loss of \$18.7 million that year, partly because it moved to Dallas. But by the end of 1988 the company was back in the black with earnings of \$5.3 million and occupancy up to 73.8%. Its share of the economy segment was 19.4% in 1988, up from 17.9% in '86—impressive at a time when growth in the segment was slightly off.

"It's almost like Motel 6 is synonymous with Wal-Mart," says Daniel Daniele, senior principal and national director for economy lodging at Laventhol & Horwath. "It seems they have the Midas touch."

Product development and a new marketing-driven approach to nearly everything (even property development) are given lots of credit for the turnaround, as is the company's non-franchised set-up. But the top-level keyholders at Motel 6 agree such a rapid reversal of company fortunes wouldn't have been possible without their pervasive radio ad campaign in which Bodett promises, "We'll leave the light on for you."

Tom Bodett, a 33-year-old contractor-turned-writer whose slightly countrified voice





is becoming as recognizable as Garrison Keillor's, is the campaign spokesman. A resident of Homer, Alaska, he's a former commentator for National Public Radio and now has his own national radio show. He even has his own fan club. He is not, however, president of Motel 6, as the mountains of mail arriving for him at the company's Dallas headquarters suggest. But the real president and CEO, Joseph McCarthy, doesn't mind the mix-up. "He can be chairman of the board if he wants!" hoots McCarthy. "He's contributed that much to the turn-around of this company."

Marketing is something of a new concept to the lodging industry in general. Though the more upscale chains have begun advertising more steadily of late, to the \$11.7 billion, 600,000-room economy segment of the business, it remained a foreign language.

Motel 6 and many of its competitors, says Thrasher, relied heavily on word of mouth, "at church groups and the like," for advertising. The company sprinkled a handful of billboards along some highways and had itself listed in lodging directories. That was it for 24 years.

Over those years, Motel 6 seemed content to just get by. The

company never did much to keep its customers coming back, much less try to expand its market. It had successfully dealt with competition from the hundreds of tiny regional chains, but when the other super-cheap national chains began to spring up, imitating the idea pioneered by Motel 6, the competition ate away at its market share. With the bulk of its units on the West Coast and in the Southwest, economic slumps in states like Texas and Oklahoma didn't help.

Then in 1985, the company was sold for \$928 million to leveraged-buyout specialists Kohlberg Kravis Roberts & Co. by City Investing Corp., a company in "self-liquidation" at the time. (The buyout's large depreciation and interest expenses were part of the reason for losses in net income.) KKR's game plan was to expand the chain and enhance its investment. "We know that at some time KKR will sell Motel 6," says Thrasher. "They're in investment banking, not lodging."

The "6" team takes five: Left to right, president Joe McCarthy, marketer Hugh Thrasher and agency head Stan Richards.



To that end, KKR is taking a two-pronged approach. It is buying and building additional properties and funding a marketing program to broaden Motel 6's customer base.

Soon after it bought the chain, KKR hired McCarthy, a long-time lodging business executive. He in turn hired Thrasher, set up a marketing department and took on the Richards Group, a Dallas-based ad agency.

"For ten months after we were awarded the account, we did no advertising," says Stan Richards, principal of The Richards Group. Motel 6 — known as "M6" to its intimates — and the agency conducted scores of focus-group sessions and read heaps of industry research.

The research showed that, on the plus side, there was literally a Motel 6 cult out there, a core group of loyal

introduced. The fact that all Motel 6 properties are owned by the company, not by franchisees as is the case with many hotels, made it easier and speedier to implement chain-wide changes. So did the fact that all the rooms are identical. Once the ads started, they focused on each innovation as it came off the assembly line.

Having decided that luring the business traveler was essential, M6 installed phones in every room. "We were a very substantial customer for AT&T," laughs McCarthy. "They said the next biggest order they'd had was from the Pentagon. Who else goes out and orders 50,000 telephones?"

In addition, the company made a point of not charging for local phone

\$17.95 (the price of a night in Odessa, Tex.). This allows M6 to offer things like "free" local calls but still stick to their credo of being the lowest-priced national chain on any corner. The family rate was changed too. Now kids under 18 can stay free. And, yes, Motel 6 now takes credit cards. Already one-third of their guests pay this way.

The chain has put renewed emphasis on room maintenance, essential with the high volume of traffic. In the last two years, 70% of their rooms are either brand new or have been refurbished (though as Bodett admits in one spot, "You won't get the same atmosphere as in Uncle Bruce's knotty pine rec room, but your eyes will be closed, so who cares?").

The expansion of Motel 6 since the KKR purchase, particularly into the Midwest and East, has gone at a fast clip, with the company building and buying properties all over the country.

The chain opened 23 new Motel 6s, each with about 120 rooms, in 1987, and a total of 32 were bought and built in 1988. In 1989 Motel 6 will re-open the 49 Sixpence Inns of America motels under

its banner and plans to build about 25 more. That should bring the number of units to over 500 (with 58,000 rooms) in 41 states and further allow M6 to expand its customer base beyond its "cultists."

About half of that following are people 50 years and over; two-thirds are retired. The company describes them as inveterate coupon clippers who could easily afford a Hilton or a Hyatt. "We'll see as many Buicks, Cadillacs and Oldsmobiles in our parking lots as VW Beetles," claims McCarthy. It's just that these people take the "what do I really need" approach to travel, he says. (Not surprisingly, they're pitched to: "Hi. Tom Bodett with a plan for anyone who's retired . . . Do all that stuff you never had time to do before. Stop off at roadside tepees and

AD EXPENDITURES '88:

MOTEL 6	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATION	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	LNA SUNDAY MAGAZINES	MR NEWS-PAPERS	LNA OUT-DOOR
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
1987 TOTAL (000)	--	--	--	--	\$1,726.8	\$7,628.9	--	--	--	\$321.9
JANUARY-SEPTEMBER 1988 TOTAL (000)	--	--	--	--	\$9,061.3	\$1,886.3	--	--	--	\$400.0

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

customers that could be built on. But, as Thrasher points out, there was much about the old Motel 6 that made it a "problem product." Motel 6 didn't accept credit cards (guests had to pay in advance, in cash). It had a complicated family-rate pricing program. It didn't have any sort of reservation system except the U.S. mail. And not only had Motel 6 never installed telephones in the rooms, but guests had to pay \$1.49 to have their televisions connected.

In addition, a night at a Motel 6 cost the same, \$17.95, everywhere. A room in Del Rio cost as much as in Detroit.

Research showed that a lot of these things irritated customers. "We didn't want to bring people in until the product was fixed," says Richards.

Before the first radio ad aired in November 1986, a host of changes were

calls. Motel 6 also does not levy a motel service charge for long distance calls, common in the industry and a cause of customer complaints.

And speaking of phones, the company installed a reservation center in Albuquerque ("Motel 6 is in the fast lane again," announces Bodett). You pay for the call, however. And the chain now features an itinerary-planning service, but again, you call, you pay. The company argues that this approach keeps room rates down.

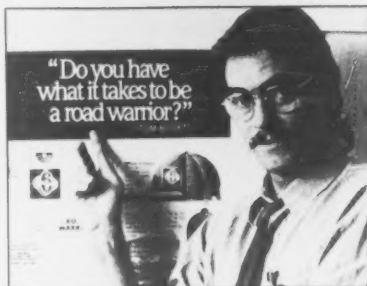
Focus groups dictated Motel 6 quit charging extra for the tv hookup — most people didn't want to be nickled-and-dimed to death. The nationwide pricing structure was changed, too, allowing the company to charge more in pricier cities. Prices now range from \$31.95 (Washington, D.C., e.g.) to

watch Indian rug weavers . . . Since there's no service charge on long distance phone calls, go ahead and give those kids a call. Tell them you've split the scene and you're out to groove on some new action.")

Another large portion of their customers are 18-to-35-year-olds on a tight budget. M6 is usually on the outskirts of a city, often near military bases, universities, hospitals and prisons.

Of its growing business-traveler segment, half are self-employed and very aware that travel is not always deductible. The other half are often on a per-diem expense account. "They're never going to get the corporate executive," chuckles Bill Gillette, associate editor at *Hotel & Motel Management*.

At present, Motel 6 isn't considering any tv or print advertising. The chain originally went with radio in large part because money was tight. (The company says its 1986 budget was just over



“Hi. Tom Bodett for Motel 6 with a plan for anyone whose kids are on their own now. Take a drive, see some of the country and visit a few relatives. Like your sister Helen and her husband Bob. They’re wonderful folks and always happy to pull the hide-a-bed out for you, but somehow the smell of mothballs just isn’t conducive to gettin’ a good night’s sleep. And since Bob gets up at 5:30, well that means you do too. So here’s the plan. Check into Motel 6. ’Cause for around 22 bucks, the lowest prices of any national chain, you’ll get a clean, comfortable room, and Helen and Bob’ll think you’re mighty considerate. Well you are, but maybe more important, you can sleep late and not have to wonder if the towels in their bathroom are just for decoration. My rule of thumb is, if they match the tank and seat cover, you better leave ’em alone. Just call 505-891-6161 for reservations. I’m Tom Bodett for Motel 6. Give my best to Helen and Bob and we’ll leave the light on for you.”

One of the 70-plus radio spots for Motel 6 created by The Richards Group.

\$1 million and 1987's was \$6 million. 1988's was \$8 million, which will increase slightly in '89. LNA, however reports higher figures.)

But a big factor in the decision was the fact that most people arrive at M6 by car, truck or motorcycle. Three-quarters of them make what the industry calls a "through-the-windshield de-

cision" on where to stay each night and arrive without a reservation. Though they've expanded the number of billboards to 775, they feel radio is still the best way to reach these travelers.

The Richards Group first aired the campaign in California and Texas, a healthy market and a troubled one, respectively. Happy with the results in both, it expanded the number of spot buys in 1987 until, in '88, it put the ads on network radio. There are now more than 70 executions that generally air from 6:00 A.M. to 7:00 P.M. on most networks, including CBS, NBC, ABC and TranStar.

Radio proved to have another curious advantage. Because people can't see Bodett, his ironic, real-folk voice takes on a variety of faces. Older people tend to see him as a road-weary curmudgeon, younger people think he's one of them and businesspeople frequently say in focus groups they hear a harried salesperson. (Good thing the Richards Group shelved the idea of hiring Charles Kuralt for the ads.)

Thrasher says one of the main reasons the ads have been so successful with all these groups is that they tell people it's okay to be cheap. (As Tom Bodett says, "Hey, with the money you save, you can pick up that slag glass sculpture for the mantel. It may look like a rock to your friends, but you know it's art.")

The campaign naturally has spawned imitations in the industry. "Other motels wish they'd found him first," says Gillette of Bodett. They didn't, so Econo Lodges' \$2 million radio campaign and Red Roof Inns' \$5 million tv spots star Martin Mull, each often hitting on the same amenities Bodett pitches in his spots.

All this success has hardly dulled Motel 6's passion for research. The company still conducts frequent focus groups and reads lots of research reports. But in true down-home style, they often find what's most informative are what Thrasher calls "motel intercepts." An M6 representative, posing as a soap salesman, will stop guests at a Motel 6 location. He is trying to sell his soap to the chain but, by the way, what do they think of the place? ■



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Source for all statistical data: A.C.M.S., 6/87 Subscriber Study Report.

SMOOTH TUBE

What a difference a boss makes. Sumner Redstone and his Viacom team are pulling in profits with a renewed marketing push.

Monty Hall was dying. Try as he might, this just wasn't his medium. About a dozen journalists were gathered in front of him at the heart of this year's NATPE convention floor to hear him pitch his new show, *Betcha!*. He dug deep within to muster the best of his seasoned game-show host charm. But he was losing his audience.

It wasn't entirely his fault. The show seemed just one more in a long line of marginally differentiated shows being hawked at the meeting and, to make matters worse, Hall could barely be heard above the din of female wrestlers doing body slams in an adjacent booth. As the journalists began doodling on their memo pads, it became apparent that *Betcha!* was in trouble at a crucial moment in the marketing cycle of a new show: its launch.

by Joe Mandese

Fortunately, Henry Schleiff, chairman/CEO of Viacom Entertainment and Broadcast, *Betcha!*'s distributor, joined Hall at the podium. After alluding to a "novel marketing approach" for the show, Schleiff found his hook — tabloid tv.

"I think we are seeing a little backlash at NATPE for all the tabloid tv," Schleiff understated. "We are coming out at the right time for this show."

With the target clearly defined as those stations looking for alternatives, Schleiff left the shooting to Viacom marketing pro Joe Zaleski. As it turned out, Viacom ac-

tually did have an innovative marketing plan.

Viacom offered a complicated, but virtually no-risk deal to stations based on an almost customized approach in the way cash and barter terms were structured. "It is a different marketing plan," Zaleski says. "The easiest thing would have been for us to do this show for cash with one minute of barter. But our job is to get the show on the air." So far, so good: At presstime, *Betcha!* had cleared WNBC, New York, and was virtually a "go" with other markets to follow.

Getting shows on the air is something Viacom specializes in, and 1988 is the year in which this and other skills really paid off. The company had record performances in domestic syndication as well as in all other operations, including international syndication, tv production, cable and broadcasting.

Through the first nine months of 1988, Viacom's operating earnings for 1988 increased 51% to \$149.9 million on revenues of \$1.259 billion. Earnings for its entertainment division, which includes tv production and syndication, rose an impressive 227% to \$61.3 million, due largely to the initial billings from Viacom's off-network syndication of *The Cosby Show*. Its networks division, which includes two pay (Showtime and The Movie Channel) and four basic (MTV, VH-1, Nickelodeon and Nick At Nite) cable networks, posted earnings gains of 28%, to \$50.3 million. Earnings for its cable tv division (operator of 16 cable systems) jumped 81% to \$58.1 million, and the



broadcasting unit (five tv and nine radio stations) had healthy gains of 5% to \$35.4 million.

These are especially heartening numbers to Sumner Redstone, who paid \$3.4 billion in June 1987 to acquire 83% of the company, a deal that resulted in about \$2.2 billion in bank debt. And while Viacom continues to report a net loss (\$123.1 million in 1988) due to its debt payments, improved cash flow, the sale of two of its cable systems and some refinancing, Viacom has reduced its debt to a more comfortable \$1.1 billion. In fact, the company recently took one of its tv stations (WVIT, Hartford, Conn.) off the block and is currently looking for acquisitions.

How did Viacom turn itself around in little more than a year? The answer, according to its management, was a significant reinvestment in marketing.

"With the exception of MTV, the company didn't really enjoy the repu-

tation of being a premiere marketer," concedes Viacom president/CEO Frank Biondi. "The difference was that the other divisions really got into it."

Redstone had bought into some real marketing problems when he took the company over, but Viacom wasted little time hiring the right people and devoting the resources to turn them around. Its pay tv division, in particular, was in dire shape. "Showtime had a couple of years of modest growth, but there was some major hemorrhaging at The Movie Channel," notes Biondi. TMC's situation was so severe that the previous Viacom management team actually hinted at shutting it down. This was "the best way to dry up support" for the channel, according to Winston Cox, the man Biondi hired in 1987 to resurrect the pay cable division as chairman/CEO of Showtime/The Movie Channel Inc.

"We had created a mess for ourselves," says Cox, adding, "The Movie Channel had no credibility with the consumer. It had no credibility with the industry. And it had no credibility within the company. Other than that, things were fine, because it really was a hell of a good product."

Few people were aware of the last point, or of the value of its sister service, Showtime. The previous management had virtually scuttled any major marketing for the services and what they had done was misdirected.

While Showtime had valuable (and expensive) exclusive pay tv deals with hot studios like Paramount and Touch-

stone, "having a good product without advertising it is like winking at a girl in the dark," notes Cox. "You're the only one who knows about it."

The problem, however, was that Cox didn't have much of a budget to wink with. "We knew it required a major fix," recalled Biondi. "And it wasn't a question of spending 5% or 8% more." It was more like 100%.

Viacom wasn't budgeted for that kind of increase, so they took a gamble: They budgeted all of Showtime/TMC's 1988 marketing dollars for the first six months, with the idea that additional revenues derived from the increased marketing effort would be used to support its second-half activity.

As a result of that strategy, Showtime/TMC's combined subscriber base grew 11.9% to 9.4 million households. Although HBO/Cinemax, with a combined growth rate of 9.5% to 23 million subscribers, also had a decent 1988, Showtime/TMC's higher growth rate improved its market share and reflects a turnaround directly attributable to its stepped up marketing efforts.

While most of the marketing muscle went into direct mail and telemarketing, Showtime also returned to tv with a campaign that emphasized its exclusive movies. The theme of the campaign, created by Ally Gargano, is "Here you see it. There you don't."

Viacom's basic cable operations also stepped up efforts in 1988. VH-1 and Nickelodeon got their first national campaigns and MTV returned with heavy spending behind a campy version of its "I Want My MTV" theme.

The division also produced a record number of local promotions (170 for MTV, 75 for VH-1 and 50 for Nickelodeon) and sponsored some of its biggest national promotions ever. "We gave away an island with Coca-Cola," points out MTV Networks president/CEO Tom Freston. He declined to disclose the 1988 budget, but said it was 50% higher than 1987's.

MTV also became the "world's first international television network" in 1988. "We are in five continents, 24 countries and 90 million homes worldwide," says Freston.



BARBARA WALZ

Double-dare: Despite huge debt, Redstone (left) and Biondi took on the competition and won.



Meanwhile, MTV has expanded into long-form programing with shows like *Remote Control* and has shifted to more of a traditional daypart structure to maximize its audience flow and develop more creative packages for advertisers. "In an era when 85% of our audience is sitting at home with remote-control devices in hand, we felt there must be a better way to increase the amount of time they spend viewing than by just playing three-minute programs," explains Freston.

The network also conducted a unique merchandising event called "The Museum of Unnatural History," in which 25 advertisers toured 25 cities in a mall show. In six months, it was visited by 5 million people and even brought in a new advertiser, Pontiac.

But the most controversial project of 1988 was the off-cable syndication of Nickelodeon's *Double Dare*. While the show generated syndication revenues to the division and helped attract new-to-cable advertisers to Nickelodeon, cable systems were concerned about the loss of cable exclusivity.

MTV appears to have appeased them by demonstrating how the off-cable window promotes the value of cable programing to non-cable viewers and has also generated revenues to develop new cable-exclusive shows. As a result, Freston says "seven or eight" new series will come on Nickelodeon.

Viacom, meanwhile, took an equally controversial off-cable route by selling repeat episodes of Showtime's *It's Garry Shandling's Show* to Fox Network. Revenues from that sale, however, have been refunneled back into the service's new series, *The Boys*.

Another intriguing 1988 off-cable development was the placement of Viacom's barter-syndication sales under MTV. "We are beginning to view MTV Networks as more than just a pure cable business," notes MTV's Freston. The unit is responsible for selling barter

time in all Viacom syndicated shows. "It's like the nose on your face," says Biondi of the collaboration. "The real question is, 'Why should we take anything outside?'"

Indeed, Viacom's operational resources are impressive. Its decentralized management approach and emphasis on aggressive local marketing strategies have dramatically increased earnings and cash flow at its

Still, the pinnacle of Viacom's 1988 marketing successes has to be its off-network sale of *The Cosby Show*, which broke both records and rules in just about every facet of the industry. Viacom sold the show to stations through a blind bidding process. "It has to go down in the annals of syndication as one of the great marketing efforts of all time. It's certainly the most profitable to date," observes John von Soosten, vice president, director of programing of Katz Television, a station rep firm. While the stations complained about the strategy, it certainly maximized Viacom's revenues.

AD EXPENDITURES '88:

VIACOM 1987 TOTAL (000) 13,663.1 JANUARY-SEPTEMBER 1988 TOTAL (000) 22,072.9	BAR NETWORK TV (000)	BAR SPOT TV (000)	BAR CABLE TV (000)	BAR SYNDI- CATION (000)	BAR NETWORK RADIO (000)	RER SPOT RADIO (000)	LNA MAGA- ZINES (000)	LNA SUNDAY MAGAZINES (000)	MR NEWS- PAPERS (000)	LNA OUT- DOOR (000)
	--	\$6,215.2	\$2,609.3	\$170.4	\$92.7	\$2,500.6	\$719.7	--	\$1,054.7	\$300.5
	\$271.4	\$9,794.1	\$1,902.9	\$864.0	\$148.8	\$1,595.6	\$4,921.7	--	\$2,163.9	\$410.5

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

cable and broadcasting operations, and innovative marketing by its entertainment division has gotten an above-average number of shows on the air.

Currently, Viacom produces the hit NBC series *Matlock* (ranked 13 among all network series through the first 14 weeks of the 1988-89 season). It won critical accolades for *Frank's Place*, which was cancelled by CBS. And it is waiting for a mid-season spot for another CBS series, *Jake and the Fatman*, while NBC considers a commitment for *Father Dowling*. According to Schleiff, Viacom Entertainment has had 40% of its pilots picked up as network series over the last two years.

Viacom's stable of off-network series is among the strongest in the syndication business, including *All in the Family*, *The Honeymooners* and *I Love Lucy*. And in 1988, the division launched several successful first-run shows, including *Superboy*, which was the number-one new action series to debut in 1988.

The strategy, along with the equally controversial blind-bidding sale of barter time in the show, earned an estimated \$600 million for Viacom.

Many of the stations felt they overpaid, but as Viacom points out, the stations paid what they could afford, and "no one held a gun to their heads," says von Soosten. He notes that the sale of *Cosby* was a turning point for the company's marketing reputation.

"Up until *Cosby*, I don't know that anybody really thought of them as sharp marketers of shows," says von Soosten. "They weren't slouches. They were just considered a good company among other good companies. Since *Cosby*, they have had a pretty good track record of getting shows on the air in both off-network and first-run. They've put together some interesting packages and have gotten shows launched where other companies haven't," von Soosten notes. "I guess that makes them smarter than the average bear." ■

CHEAP CHIC

Helene Curtis combed out the hair-care market with a line of high-tech, low-cost potions.

It was all so cloak and dagger, one would have thought the project involved national security. In fact, the top-secret objective of "Project '87" was to invent a hair-care line that in ten months flat would make Helene Curtis Industries Inc. a major player in the blossoming market for salon-style products.

While this may sound like a rather specialized goal, in actuality the hair-care market is a \$2.2 billion industry, divided into several segments like shampoos, conditioners and styling products such as mousses and gels. And since vanity knows no bounds, the market has been growing in a wide range of directions.

One new flip has been consumers' penchant for frequenting hair salons on a very regular basis. Indeed, some of the trendier hair design places have discovered they can make a decent bit of change by selling their styling products for home use. Noting the trend, companies like Jhirmack, Pantene and Vidal Sassoon, which sell through traditional retail outlets, have been pitching products with fancy names and prices. But no one was out there with a line that could make a woman feel like she had just stepped out of the hairdresser's, but at a mass-market price.

This was just the opportunity Helene Curtis was looking for. So in early 1986, a seven-person team banded together at company headquarters in Chi-

cago to assess the potential and plot the assault. Half a continent away, the company's New York-based advertising agency, Saatchi & Saatchi, mobilized dozens of employees into research, creative and account teams to assist the client. Speed was paramount, as was secrecy.

Faster than you can say "blunt cut," the mission was carried out. Launched in March 1987, with an investment of \$40 million, Curtis' distinctive Salon Selectives line of shampoo, conditioner and sprays racked up \$40 million in sales during its first year. Off that impressive start, Salon Selectives went on to shellac the market last year. Sales more than doubled to \$90 million, figures Diana Temple, an analyst at Salomon Brothers. In 1989, she predicts, sales will reach \$125 million.

Helene Curtis' feat must be applauded not just for the brevity of time it took to launch, but for how carefully it blasted its way into a brutally competitive, highly fragmented category peopled by some big-pocketed competitors. For instance, by the third quarter of 1988, Selectives' shampoos claimed 3.2% of the total \$1.4 billion market. But in its salon-type shampoo segment, which holds 10% of the total market, Helene Curtis' showing was strong enough to put it in second place behind Vidal Sassoon (owned via Richardson-Vicks by Procter & Gamble) with a 3.6% share. Not only that, both Sassoon's and Jhirmack's share fell in the niche shampoo category last year, Temple says. Sassoon dipped from 3.7% and Jhir-

by **David Kalish**



SALON SELECTIVES

mack fell from 4.4% to 2.9% in '88. Pantene was up from 0.5% to 1.9%.

Among conditioners, Selectives is also hot. There, Selectives has wrested 6% of the category, compared to Sassoon's 6.6% and Jhirmack's 5%. And in a move that analysts say further strengthens Selectives' position, the division in 1988 introduced a line of hair-styling products that includes mousses, styling gels and hair sprays. The launch, backed by a new tv campaign, already has racked up impressive results: The hair-spray and hair-styling products own 2.8% and 5.2% of their respective segments. "I think you would have to call what Curtis has done with Salon Selectives a spectacular success," Temple reflects.

The marketing record of Salon Selectives is the latest evidence of how far Helene Curtis has come since chief executive officer and president Ronald Gidwitz took over the company from his father in 1979. Gidwitz, described as an energetic risk-taker who will plunk down plenty on his new product bets, has revitalized the formerly sleepy peddler of hair products to older Americans — invigorating a lackluster

Suave product line and going on to launch the successful, premium-priced Finesse shampoo and conditioner.

Part of the Gidwitz success formula has been a strong bent for advertising. "Advertising and promotion expenses are real investments in the business," he noted in a recent interview. Yet Gidwitz went on to add that the reality of being a public company made him pledge to shareholders ten years ago that if quarterly results sagged, ad budgets would have to get cut. Thankfully, he says, "in the last eight years we haven't had to face that problem."

Propelled by Salon Selectives' sales, Helene Curtis' net sales for the first fiscal nine months of 1988 were a record \$458.6 million, up 30.3% from the same period a year earlier. Net earnings rose 20% to \$10.2 million. "We predicted the sales and profit range of Salon Selectives within 3% to 5% of actual bottom line," boasts Gil Smith, president of Helene Curtis' Consumer Products division, noting the brand was profitable in its first year of operation. "We knew exactly what the brand was going to do."

This sort of performance draws plaudits. "They [Helene Curtis] went from being a staid, conservative Midwest company to a hard-driving packaged-goods marketer," observes Allan Mottus, a consultant who publishes *Informationist*, a monthly health-care and beauty industry newsletter.

Its latest good fortune is very much a group effort. Brad Kirk, who is now the group brand manager and Stan Cook, the co-brand manager on Selectives, led the initial team examining the marketplace, which included sales, research and marketing.

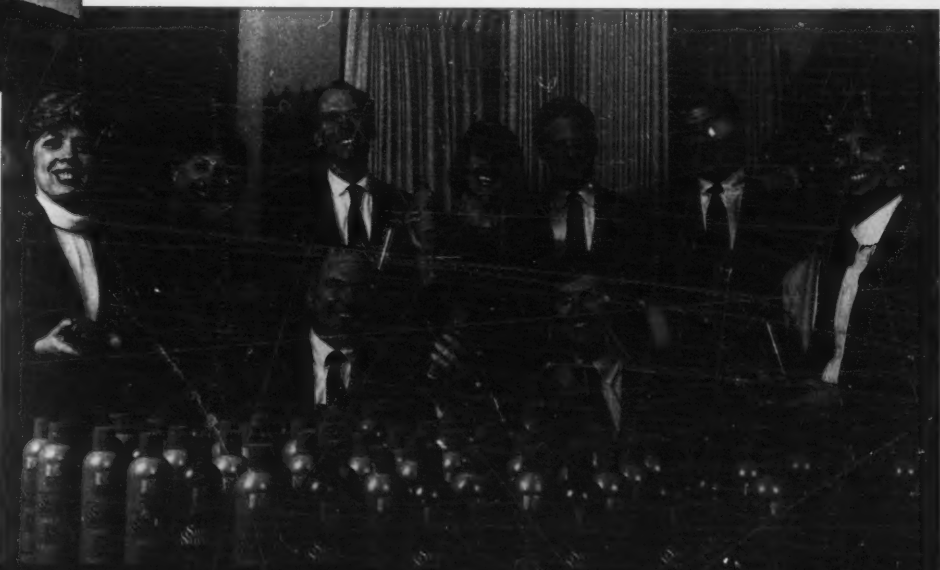
Working from the premise that a store-bought product can produce tresses as good as a salon hairdresser, Curtis spent the next ten months figuring out how to translate this into a believable product line. Though intensive quantitative and qualitative testing are the order of the day, remarkably enough, Curtis researchers never test-marketed the product. Instead they relied on a sophisticated computer program into which they fed reams of data from mall intercept and other surveys.

Just to be safe, marketers wrote a provision into the budget that assumed a small percentage of Salon Selectives sales would cannibalize sales of Helen Curtis' premium-priced Finesse shampoo and conditioner. But happily, Selectives, which is a mid-to-upper-price-range product, has had little impact on the upscale Finesse. "They've made the two really different, so they haven't cannibalized each other," notes Mottus.

What emerged from these intensive months of research was a product that observers say is a knock-out on the shelf and in the shower. In-house package designers at Helene Curtis, who were in on concept development from early on in the research stage, person-



Gidwitz (above)
gathered the
necessary talent:
Seated, Gil Smith
(left) and Brad
Kirk. Left to right:
Kuzin, Lanznar,
Cook, Moberly,
Klewicki,
Kauffold,
Nikolaev,
Kochevar.



TERRY LEE

SALON SELECTIVES

ally observed the reactions of focus-group respondents through two-way mirrors. Responding to women who said they wanted to relive the exhilarating, somewhat sensual salon experience, designers came up with a decidedly feminine-looking bottle — round-shouldered and flesh-tone colored. "The package is a cut above the average package out there. It kind of leaps off the shelf at the consumer," observes Donald Davis, editor of *Drug & Cosmetic Industry* and *Cosmetic Insider's Report*.

Also emerging from the testing stage was the idea to play up the Helene Curtis namesake on the package — the first time in recent history the name has been emphasized. Explains Smith, "We picked up on the heritage of Helene Curtis being a major supplier to salons."

The company has been selling to salons and consumers since the 1940s.

Moreover, research showed that the conventional system of using "dry," "normal" and "oily" to identify nuances in hair formula had become humdrum. All reports told the team women wanted customized products. Therefore, instead of basing terminology on hair types, designers developed a system of letters and numbers based on the consumer's needs and the product's benefits. Shampoos are marked with "Level 1," "Level 3," "Level 5" and "Level 7," ranging from super light cleansing for fine hair to deep cleansing for hair that's frequently moussed and sprayed. Conditioners are distinguished by letters, with "Type B," for example, for consumers looking to build body into their hair.

Simultaneously, Saatchi & Saatchi, Curtis' agency for Finesse, was secretly selected to work on Selectives. Dozens of Saatchi employees began toiling on creative approaches, research and the media buy, often working 16-hour days and weekends to meet the deadline. "They expect us to live

and breathe and sleep the business, just like they do," says Katalin Kovago, senior vice president and management supervisor at Saatchi.

Plunging headlong into research to supplement that being done at Helene Curtis, Saatchi researchers discovered some interesting things. Using a proprietary test that calls on outside clinical psychologists to conduct one-on-

where people tend to watch less tv.

As the March 1987 launch date neared, Helene Curtis decided it had a winner on its hands — despite the fact it had never been test marketed. Gidwitz reflected that the risk was minimized by the strength of the computer modeling results and Helene Curtis' knowledge of the category. "Finesse was a calculated gamble. The introduction of Salon Selectives was closer to a sure thing," he observes.

AD EXPENDITURES '88:

SALON SELECTIVES	BAR NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDICATION	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGAZINES	LNA SUNDAY MAGAZINES	MR NEWS-PAPERS	LNA OUT-DOOR
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
1987 TOTAL (000)	\$8,675.4	\$101.5	\$172.0	\$1,627.1	\$778.3	\$98.9	\$2,064.0	--	--	--
JANUARY-SEPTEMBER 1988 TOTAL (000)	\$8,149.1	\$106.2	\$351.2	\$232.5	--	--	\$4,158.7	--	\$116.3	--

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

one interviews with subjects, Saatchi's "Psychological Probe" aimed to decipher what was at the root of what people were saying. "What came out of it was the threshold experience that a woman feels when she presents herself to the world," recalls Kovago. Clued in, agency creatives came up with the theme line, "Feel like you came out of a salon."

The media staff, meanwhile, decided to put the bulk of the first year's \$14 million advertising budget into network television. "Nothing gets you broad-scale awareness faster than tv," says Karen Moberly, co-brand manager on Selectives. A small percentage of ad dollars went toward cable, spot and print, with the latter acting to educate consumers on how the new brand's unique terminology gave consumers the customized hair care they wanted. Cable buys included Lifetime, Turner and USA Network. Selectives also used almost all of the women's service and beauty books, often using innovative positioning techniques. In addition, media buyers decided to beef up spot buys in places like the West Coast,

Salon Selectives was unveiled at a meeting of Helene Curtis salespeople in December 1986, three months prior to its debut on store shelves. Following Selectives' successful introductory year, Helene Curtis in 1988 launched a program that mailed samples of the product to 18 million U.S. households. In addition, Saatchi revised the creative approach. "The introductory approach concentrated on 'Feel salon beautiful every day.' Over time we really found 'like you just stepped out of a salon' is more powerful, and the current advertising pushes more on that aspect," notes Moberly.

Competitors are not idly watching Salon Selectives' meteoric success. Procter & Gamble, for example, has dramatically upped its spending on Pantene and Vidal Sassoon. Anticipating the actions, Helene Curtis plans to increase its ad spending on Salon Selectives some 15% to 20% this year. Also, it plans to go global with Salon Selectives and introduce a new line of treatment products within the next few months. In 1989, that could prove to be their crowning glory. ■

POWER PLAYS

There's joy among the joysticks as Nintendo racks up share points and energizes a near-defunct industry.

Who would have believed that the hottest names in the electronics/entertainment field would include such oddities as "Mario Bros.," "Zelda" and "Donkey Kong"? For that matter, who would have believed that the equally obscure company, Nintendo, would be responsible for resuscitating the entire U.S. video game industry, a market that even its early pioneers had just about given up for dead?

It must have required an awful lot of vision and a good measure of audacity for Japan-based Nintendo to enter the U.S. market in 1985, which then was collapsing from a 1982 high of \$3 billion to a scant \$100 million in 1985 sales as the likes of Atari, Coleco and Mattel bailed out.

by Joe Mandese

Yet what a success story has been played! Nintendo has brought the industry back to sales of \$2.3 billion, of which it accounts for 70%. And the company has racked up such incredible sales with a very carefully thought-out and executed marketing strategy, again scoring a major difference over once and present rivals who fly more by the seat of their pants. Nintendo, which hardly sells a cheap product — its basic system costs \$99, and game cartridges range from \$35 to \$40 — has built up an entertainment empire. The games' success has spawned a television show, a reader-paid-for magazine, numerous merchandising tie-ins (including those with Procter & Gamble and Ralston Purina) and a telephone hot line that draws 100,000 Nintendo fanatics a week,

all seeking tips on how to better play the game.

They are coming to the right place — Nintendo knows how to play the game, all right. Despite the fact that the company's own research showed that 98% of Americans had never heard of Nintendo (actually a major Japanese game company) and that retailers were still writing off millions of dollars in unsellable games' inventory, Nintendo stubbornly thought it had a better way.

"It wasn't an easy sell," recalls Peter Main, vice president of marketing for Redmond, Wash.-based Nintendo of America. "The trade at that time was extremely skeptical and virtually nobody had heard of Nintendo. We were a nonentity and the retail buyers were telling us that the only reason they were there was because the people who had been the buyers before them had gotten fired for getting into the video-game business in the first place."

Nonetheless, Nintendo believed its "new generation" of games was superior to the predecessors that had glutted and prematurely collapsed the market. The company's reading of the U.S. market was that demand still existed — if enticed by a better product. So late in the fourth-quarter of 1985, the firm began test marketing the Nintendo Entertainment System (NES) in New York. Much to the surprise of the trade, consumers responded favorably to the more powerful and better quality game system.

Following its national rollout in 1986, Nintendo led the wave of "new generation" video-game firms — including Sega, INTV and a revived Atari — with a 70% share of the revitalized market.



Based on this initial success, Nintendo projected it would take a \$650 million slice of an \$825 million pie the following year, but actual 1987 sales figures were much better, reaching \$1.1 billion for the industry and \$750 million for Nintendo and its licensees.

With a deft mix of innovative marketing and aggressive product development and control strategies, Nintendo parlayed this success in 1988, capturing a 75% share of sales that shot up to \$2.3 billion. By the end of 1988, 12% of U.S. homes had a Nintendo system. Nintendo projects its penetration will top 20% this year.

Moreover, unlike previous video-game industry successes, Nintendo appears to have broadened the appeal from the traditional target of young males. "We've taken a product that generally is assumed to have a very narrow, male-oriented, 8-15-year-old target group and made it into a total family entertainment system," notes Nintendo's Main with pride. He adds that more than a third of their "primary users" are over 18. Actually, 15% of

their players are in the 25-54 bracket, and 20% are female.

For every month since November 1987, Nintendo has held the No. 1 position on *Toy and Hobby World's* "Toy Hit Parade" survey. The magazine's editor, Bruce Apar, says Nintendo's strength "shows no sign of abating. If anything, Nintendo is trying to capitalize on its phenomenal 1988 success by getting into merchandising."

At the tail-end of 1988, Nintendo leveraged the growing brand awareness of its video games by licensing its names and characters to 35 outside vendors to produce the "World of Nintendo," a line of products and merchandising that includes everything from t-shirts and posters to the *Super Mario Bros. "Super" Show*, a hot new syndicated tv show from Viacom debuting this fall. "My favorite is the Nintendo Cereal System," notes *T&HW's* Apar, referring to a new Ral-

ston Purina cereal.

While such projects will surely extend the awareness of the company's brands, Main says the firm plans to "keep its nose to the grindstone" of developing new software that generates excitement and captures the imagination of its system users. Indeed, most observers feel that Nintendo's success is largely due to its recognition that the video-game business is driven by software. While some feel that other firms, particularly Sega, may have technologically better hardware systems, it is Nintendo's game development and acquisition that has been key to its success. This is particularly crucial since systems are not compatible; in other words, a Nintendo cartridge will not play on a Sega system. "A lot of people believe that Beta is a better videotape format than VHS, but in the end, it's really a matter of what the consumer thinks," says *T&HW's* Apar, adding, "More than anything, this underscores how important marketing is and how it can transcend differences in quality and technology."

SONY

SONY'S NICHE KNACK

Get 'em while they're young. That seems to be the proud motto of Sony Corp. of America as it watches sales of its new children's line of audio products hit its mark. Sensing that the mores and

economics of the times were making for more sophisticated kids, Sony pioneered a line of five electronic musickmakers such as a walkman-like cassette player and "boom-box" portable stereo, which

by **Brian Bagot**

retailed anywhere from \$35 to \$60. The My First Sony products, which have the same inner technology as the regular line but are packaged in brightly-colored plastics with big dials to appeal to kids aged four-to-12, were an instant hit. So much so that Sony increased the line to 10 products — including a \$200 compact

disc player, \$50 wrist-mounted walkie-talkie, \$90 stereo cassette recorder and \$50 AM/FM cassette Walkman. And, in a nice switch, the U.S. side of Sony has begun exporting the products to Japan and Europe.

My First Sony is a real triumph for Sony Corp. of America, since it is the first major product line researched, designed and marketed by the U.S. arm. Sales rose 40% in 1988 and are projected to leap another 50% in '89. Retailers such as

Toys R Us report that the line was close to a sell-out last Christmas. As George K. Hersch, Jr., an analyst with Daiwa Securities, puts it, "There's no better example of a company going out and finding a market niche that was so under-served."

According to Jim Geitz, merchandising and promotions manager for the Consumer Audio Products Co. of Sony Corp. of America, extensive market research of the kids' electronic category showed a competitive void, and better yet, tantalizing opportunities. Most other items available were marketed by toy companies, most notably Fisher Price, and appealed more to pre-schoolers.

"We try to keep our image away from toys," says Thomas Harvey, president of the Consumer Audio Products Co. As a result, Sony emphasizes a high-quality electronics



Super Marketing Brothers:
Nintendo of America president
Minoru Arakawa, left, with vice
president-marketing Peter Main.

Key to Nintendo's software strategy was keeping its games accessible, interesting and fresh. Unlike earlier video games, Nintendo developed (from two competing in-house design groups) or licensed (from its stable of 35 outside suppliers) more powerful and sophisticated games that offered new challenges as users' playing skills improved. Whereas the earlier generation of video games were based on 256k of computer power, the new systems draw upon several megabytes.

"One of the problems with games in the past is that kids got bored or frustrated while playing them, because they lost their challenge or because they couldn't move on to the next level of sophistication," explains George K. Hersch, Jr., vice president of equity research at Daiwa Securities of America, which tracks publicly-traded Nintendo on the Tokyo exchange.

To avoid the latter pitfall, Nintendo developed a unique "Player-Support Program," consisting of a combination of "hotline" telephone numbers that provide tips on playing Nintendo

games. Each week an average of 16,000 people call the toll-free number for recorded tips and 84,000 people call to speak to more than 250 "game counselors." The game counselors also respond to an average of 8,000 letters per week.

Besides keeping Nintendo users apprised of Nintendo games and products, the player-support program

provides a valuable source of research for Nintendo game developments and marketing efforts. "It has kept us in close contact with the end user," explains Nintendo's Main. "We use the data we collect to absolutely ensure that our game developers are aware of what's hot and what's not."

Another facet of the player-support program is a bi-monthly user magazine

image as well as a more serious message than traditional toy ads. And in the retail outlets, which range from major toy outlets, department stores and consumer electronic specialists, the line is merchandised separately from toys. "They're not intermixed with train sets," emphasizes Geitz.

Of the near \$3 million marketing outlay budgeted for the line last year, 75% was spent on advertising, primarily aimed at moms, with the balance going toward promotions. Handling the television campaign is Burkhardt & Christy Advertising, while Slater Hanft Martin has the print segment.

Television flights were aired during soaps and on such shows as the Thanksgiving Day Parade, season specials, *The Cosby Show* and *Family Ties*. Women's

magazines running ads include *Good Housekeeping*, *Family Circle* and *Woman's Day*.

On the promotional front, Sony and A&M Records teamed up for a CD-3 program. The first 10,000 My First Sony CD player boxes were packaged with a CD-3 disc featuring children's songs performed by Raffi, Fred Penner and Tom Chapin.

Another promotion was tied-in with Peter Pan Industries. Consumers

who purchased My First Sony tape players received two free sing-along cassettes from a selection of six.

The plan for 1989 calls for more of the same. No further new products are planned until 1990, which will give Sony more time to build awareness of the line. As Sony sees it, catching them young means a greater chance of keeping them humming Sony's tune through childhood into active, affluent consumer-hood.

AD EXPENDITURES '88:

	BAP NETWORK TV	BAR SPOT TV	BAR CABLE TV	BAR SYNDI- CATION	BAR NETWORK RADIO	RER SPOT RADIO	LNA MAGA- ZINES	LNA SUNDAY MAGAZINES	MR NEWS- PAPERS	LNA OUT- DOOR
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
SONY-- MY FIRST SONY										
1987 TOTAL (000)	\$1,465.4	\$0.1	--	--	--	--	\$829.0	\$32.2	--	--
\$2,326.7										
JANUARY-SEPTEMBER 1988 TOTAL (000)	--	--	--	--	--	--	\$726.1	--	--	--
\$726.1										

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

CHRIS BENNION/BLACK STAR



titled *Fun Club News*, which had been sent free to about 2 million Nintendo homes. This year, the magazine has been converted to a total of about 1 million paid circulation households (\$15 for six bi-monthly issues) and has been renamed *Nintendo Power*.

Although Main declined to disclose the costs of these player-support programs, he described them as a "significant investment" on top of the roughly \$40 million that Nintendo spent on the rest of its 1988 marketing budget — \$20 million on conventional media, \$15 million on co-op and about \$5 million on merchandising. (The firm plans to up its marketing budget by

we buy it on a guaranteed basis. At the end of each quarter we receive very large rebate checks, and the guys that are giving them to us say we're the cause of the underdelivery. So it's like chasing your own tail," admits Main.

Other advertisers have approached Nintendo about having their messages and logos programed into games. Pepsi, for instance, proposed such a deal for Nintendo's "Mike Tyson's Punch-Out!!" game when it was sponsoring one of Tyson's title bouts. Nintendo passed.

Meanwhile, Nintendo is moving into

ble's Tide that involved a display program in about 30,000 supermarkets. "Our objective was to develop a relationship with such a well-known brand as Tide and to put our name in front of moms so that, when their youngster put Nintendo on their wish list for Christmas, she would be familiar with it," explains Main. Nintendo ran a similar promotion with three of Ralston Purina's children's cereal brands, designed to increase awareness among kids and parents.

The last leg of Nintendo's successful strategy features a unit called NES Merchandising, which includes a field force of 130 merchandising specialists

who visit stores to fine-tune inventory and displays. Instead of offering uniform merchandising materials nationally for the trade, Nintendo has created a menu of options that retailers can choose from. Retailers receive a credit of 25 cents for each hardware system and 10 cents for each game they sell, the total

of which is used to purchase merchandising materials from Nintendo. These include everything from traditional, free-standing displays to a high-tech, interactive system that allows potential customers to actually play any of ten Nintendo games.

As a result of these specialized marketing strategies, as well as its finely-tuned media scheduling, Nintendo has become the dominant force in the video-game industry. So much so, that one of its game suppliers (also a game systems competitor), Atari, has filed a restraint of trade suit against Nintendo, claiming that the firm's strict control over the licensing of its games hampers the growth of outside vendors. However, as *T&HW's* Apar notes, "Other people feel it is good that Nintendo operates this way, because they may be preventing some of the problems that hampered video games the first time around. They're certainly controlling the quality." ■

AD EXPENDITURES '88:

	BAR NETWORK TV (000)	BAR SPOT TV (000)	BAR CABLE TV (000)	BAR SYNDI- CATION (000)	BAR NETWORK RADIO (000)	RER SPOT RADIO (000)	LNA MAGA- ZINES (000)	LNA SUNDAY MAGAZINES (000)	NEWS- PAPERS (000)	LNA OUT- DOOR (000)
NINTENDO										
1987 TOTAL (000)	\$2,696.1	\$4,325.9	\$1,456.9	\$2,458.0	--	--	--	--	\$8.1	--
\$10,945.0										
JANUARY-SEPTEMBER 1988 TOTAL (000)	\$66.0	\$1,570.2	\$954.9	\$1,775.5	--	--	--	--	\$145.0	--
\$4,511.6										

Source: Broadcast Advertisers Reports (BAR), Radio Expenditure Reports (RER), Leading National Advertisers (LNA), Media Records (MR).

nearly 50% in 1989 to about \$60 million.)

Of the \$20 million Nintendo invested in media spending, Main says virtually all of it went into some form of television, including network, syndication, spot and cable. "We are continually pursued by the radio and print people as a reminder opportunity, but we don't feel that either of those media are right for our specific needs," he explains. "We are trying to capture the excitement of what it is like to play our games, and only television can demonstrate that."

Actually, tv may be doing too effective a job of demonstrating that excitement for its own good. Of the many hours players use their Nintendo systems — estimates range from four to 16 hours a week — Main says that most of it is coming at the expense of conventional tv viewing time. "It's an interesting problem for us, because we buy a lot of children's syndication, and

other dayparts as it rolls out new adult-oriented games and products and is trying other media on a limited basis. "They've pioneered the use of comic books by video-game companies," notes Steven Smith, editor of the electronics section of *HFD* magazine.

While the comic-book medium may be a natural tie-in for Nintendo, the company has dabbled in more conventional print media for specific promotions. For instance, seeking to allay parents' and educators' concerns about the amount of time kids spend playing games, Nintendo ran a fourth-quarter "Design Your Own Video Game" contest in *Boy's Life* magazine, which encouraged teachers to assign computer class projects around the promotion.

Nintendo also partnered with two major packaged-goods firms in fourth-quarter promotions intended to improve its awareness among parents in time for the holidays. One involved a cross-promotion with Procter & Gam-

POINT/COUNTERPOINT

UNWIRED UNBOUND

ANOTHER ELEMENT IN THE MIX

It has been many years since television stations first banded together to form what we identify as the three major networks, ABC, CBS and NBC. In more recent years, we have seen the growing force and impact of local, independent stations, so-called superstations and satellite and cable transmission. Each of these media vehicles brought something of value to television viewers as well as to the advertising community.

The 1980s have seen the introduction of yet another option: the unwired network. Essentially it is the banding together of local stations to provide in-program participation across the country through schedules that, though different by market, are target-audience focused. ALIN-TV (America's Leading Indies' Network) and ITN (Independent Television Network Inc.) are at the forefront of promoting and making available for sale unwired network commercial time. Group W has announced its intent to set up a new unwired network (including network affiliate stations) whereby time will be sold in early and late news telecasts.

Recently, the Association of Independent Television Stations (INTV) explored the possibility of forming its own sales co-op to market an unwired network of its member stations. Fearful, however, that unwired networks would draw support away from current national spot tv advertisers, INTV abandoned its venture. While the concern on the part of independent stations is understandable, we are not certain that INTV's overall reaction is in the long-range interests of independents. It is not likely that unwired networks will disappear because INTV does not fully support the concept.

As a matter of media fact, unwired networks can be a significant element in advertising plans. Consider:

• *Extension of reach* — Unwired

network activity could be scheduled to roadblock regular network or syndicated activity.

• *Line-up deficiencies* — Though national in scope, network, syndicated and cable programs can have unclear markets in their line-ups. A supplement of independent station activity would tend to fill in for the deficiency.

• *Targeted tonnage* — An unwired network can be designed to concentrate on key target consumers and/or demography. Local spot tv heavy-ups in key markets can be added to build frequency in high franchise markets.

• *Network weaknesses* — A network of independent stations would tend to be strongest in markets where regular network stations are weakest.

• *Commercial length* — Unwired

networks provide an opportunity to schedule integrated fifteen seconds when not available on regular networks.

Unwired network activity, though customarily target-consumer-demography driven, doesn't provide the environmental control that other national media alternatives can offer. For that reason, we view the unwired network as a supplementary rather than a primary medium.

As with all media vehicles, we check our unwired network affidavits carefully to ensure that the "as run" activity matches our understanding of the buy. We are always pleased to have reasonable media choices to evaluate in our clients' interests, and we believe that unwired network activity expands our opportunities.

Art Heller is executive vice president and director of media, programming and marketing services, Griffin Bacal Inc.



OUR READERS TELL US . . .

Research USA, Chicago, found that over 80% of the media planners and directors surveyed see unwired networks as a possible alternative to spot or network buys. At the same time, most of the money for the unwired network buys is coming from network and spot coffers. (Base = 105, unless otherwise indicated.)

1. Do you see unwired networks as a viable alternative to spot or network coverage?

Yes 81.9%
No 18.1%

2. Have you placed advertising on an unwired network?

Yes 51.4%
No 48.6%

If "Yes," how many advertisements have you placed?

1-5 31.4%
6-9 11.4%
10+ 53.3%
No answer 3.7%
Base = 54

3. From which budget does the money for unwired network buys come from?

Network 36.2%
Cable 5.7%
Syndication 15.2%
Spot 36.2%
Incremental 2.9%
Other 1.9%
Do not use unwired network 27.4%

4. What is the role of your agency unwired networks? (Check all that apply.)

Planning 73.3%

LOOKING FOR THE REAL THING

Unwired networks have lately become all the rage as myriad rep-firm and association packages of spot market buys cross our desks weekly. We see unwired networks as spot tv made more palatable, but with very few of the advantages and benefits that spot "well done" has to offer.

Unwired networks are the result of five key marketplace factors:

1. The soft spot market.
2. A major trend towards regionalized buying by advertising agencies, which has resulted in fewer spot dollars flowing through rep firms.
3. Increased network inventory via additional commercial breaks, as well as the increasing use of 15-second commercials, and the increased use of cable and syndication as integral components of broad-based advertising

campaigns. Once it was a simple matter for reps and stations to wait for tight network to spill into cable and syndication alternatives. No more.



4. There continues to be a reluctance on the part of some agencies and advertisers to utilize spot television.

5. There is also a growing disenchantment with syndication as the ultimate efficient augmentation of a national buy. The stronger stations on a list can and frequently do pre-empt national barter spots and replace them with local.

Unwired networks should offer convenience, efficiency, bottom-line delivery guarantees and the nimbleness to permit varying market-by-market deliveries. And, in fact, unwired networks do all of the above.

Convenience is certainly delivered

to both the buying agency (who places a one-order purchase) and to the client (who needs not review the scores of pages of printout that a traditional broad-based spot buy would generate).

Bottom line guarantees are usually met. That's a plus. Market-by-market variations are not permitted, but are usually inadvertently delivered. That could be considered a plus except where a logical variation based on such factors as business development or opportunity would have lead planners to a different variation pattern.

So what's the problem?

Efficiency is the problem and the point of comparison at which unwired networks inevitably fail. Unwired is rarely efficient and is not even efficient compared to spot. We have evaluated a number of unwired buys and have never found spot television's efficiency to be less than 15%, with much higher advantages.

We'll look at all the unwired submissions that cross our desks; but unless it is distinctly to our client's advantage (read efficiency as a first line of definition), we'll recommend "the real thing" — spot television. Along with negotiated efficiencies, we know that by using spot we can logically array locally delivered weight in accord with our client's needs.

In addition, we know that by using spot we can assert far greater program-environment control, as well as target far more precisely than through a day-part-specific unwired network buy. After all, the folks in Des Moines are different from the folks in Racine.

Local planners and rep firms would be better served to educate planners and buyers to the true qualities that spot can bring to the marketing and media mix, rather than constructing flimsy, insubstantial, "surface only" solutions to a declining revenue stream.

Ira Carlin is executive vice president and national media director for McCann-Erickson, New York.

Buying	74.3%	Yes	42.9%
Post-buy analysis	57.1%	No	57.1%
None of these	16.2%		
5. Who is the ideal representative for an unwired network?		8. What degree of coverage would you expect from an unwired network?	
Station reps	64.8%	100%	2.9%
Barter reps	18.1%	90%	13.3%
Other	10.5%	80%	40%
No answer	6.6%	70%	24.8%
		60%	6.7%
6. To what degree is the lack of a consistent program environment a problem?		Less than 60%	6.7%
Strongly a problem	31.4%	No answer	5.6%
Somewhat a problem	52.4%		
Not a problem	14.3%	9. How much of a price advantage over a network or spot buy would you expect from an unwired network?	
No answer	1.9%	10%	7.6%
		20%	34.3%
7. Would you be willing to pay a premium to have greater control over the program environment?		30%	40%
		40% +	17.1%
		No answer	1%

ECONOMIC EYE

DOUBLE VISION

Nielsen reports that households with pay cable and kids are more than twice as likely as other households to watch more than one tv program at a time. Multi-set viewing is highest during prime time (6.6% in 1987) and early fringe (2.5% on average). Daytime had the lowest simultaneous viewing, 0.9%.

MAGAZINE AD SCORECARD

	Ad Pages Jan. 1988	% change from Jan. 1988	Dollars spent ('000)	% change from Jan. 1988
1. Skin care, Creams, Lotions and Oils	217.28	+7.6%	8,413.7	+12.3%
2. Lip and Eye Beauty Products	59.04	+55.0	2,203.4	+57.1
3. Scents and Fragrances	26.36	+37.5	692,024.0	+102.9
4. Facial Makeup Products	50.56	+25.7	1,876.4	+22.1
5. Prepared Dinners and Entrees (including pizzas)	20.95	-41.4	1,604.6	-23.7
6. Liquor	210.91	+23.3	9,173.4	+17.1
7. Cigarettes	559.96	28.3	31,497.1	+48.2
8. Soaps and Detergents	15.45	-58.4	1,039.3	-51.4
9. Passenger Cars, Domestic	559.78	46.8	29,678.9	+30.3
10. Passenger Cars, Imported	555.22	7.1	26,562.9	10.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

	April	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change
Network TV																
Daytime	78	-15	76	-18	73	-22	81	-17	73	-14	146	+60	82	-16	80	-14
Nighttime	99	-0	110	-0	122	+8	110	+0.3	118	+4	118	+11	114	-9	113	-2
Spot TV																
Prime time	125	-9	126	-8	125	-4	-	-	125	-8	141	+14	128	+6	104	+3
Daytime	95	-18	103	-13	93	-10	-	-	100	-14	107	+4	106	-5	102	-10
Network radio	116	+0	116	+2	116	+2	102	-0.5	111	+6	112	+5	131	+8	125	+10
Spot radio	-	-	-	+3	101	-	-	-	-	-	105	+2	-	-	-	-
Consumer magazines	115	+5	115	+5	115	+5	115	+5	114	+5	116	+6	115	+5	118	+6
Natl. Sunday mags	116	+13	116	+13	116	+13	116	+13	128	+14	130	+10	130	+10	130	+10
Business publications	117	+5	117	+5	117	+5	117	+5	117	+5	118	+6	118	+5	120	+6
Newspapers	124	+7	124	+7	124	+7	124	+7	124	+7	123	+7	124	+7	124	+7
Outdoor	123	+8	123	+8	123	+8	123	+8	123	+8	123	+8	113	-4	113	-4

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2900-3
4/18/89

MARKETING & MEDIA DECISIONS

APRIL 1989 • \$4.00

CABLE'S NEXT MOVE/THE SCORECARD

IF YOU OWNED BURGER KING

AGE 'N' ADS

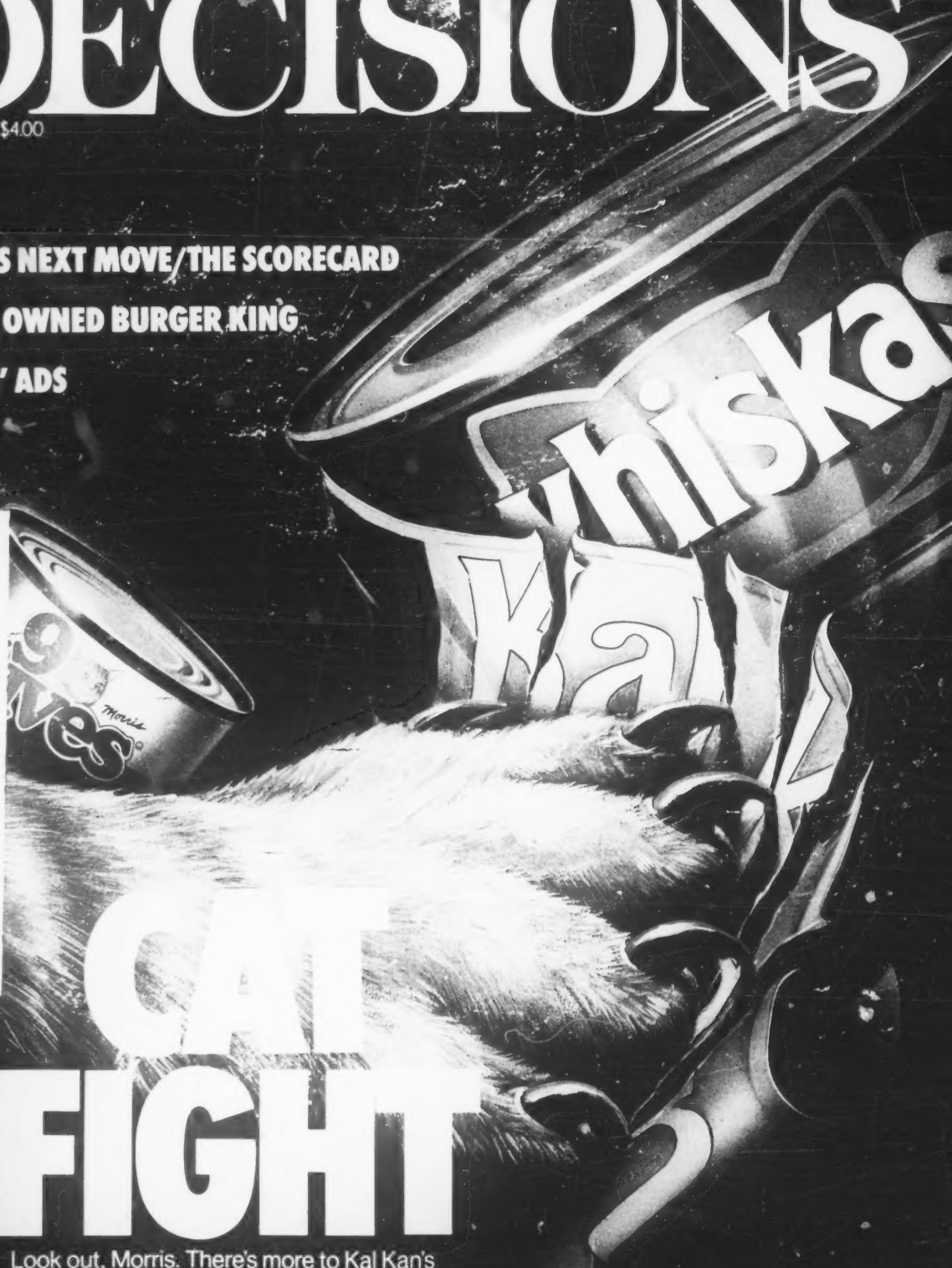
*****5-DIGIT 40814
0711 00161861 41 93 000000
GREG CHRIS
CONGRESSIONAL INF SVC
4250 EAST-WEST HWY #800
BETHESDA MD 20814

B001
B142

CAT FIGHT

Look out, Morris. There's more to Kal Kan's
challenge than a simple name change.

Whiskas wants your turf.



MARKETING & MEDIA DECISIONS

COVER STORY

CAT FIGHT 42

Kal Kan thinks it's found the purr-fect global identity with its new Whiskas name, but in the process it has set the fur flying. Folly or cunning? That's up in the air. But Kal Kan's rivals have been sent scrambling to protect their turf.

FEATURES

THE NEW OLD 32

While the marketing mindset says, "Think young," the statistics say, "Grow up." Some media have been selling just that story for years, but their pitches have fallen on deaf ears. Are agencies and advertisers now ready to listen?

KING FOR A DAY 51

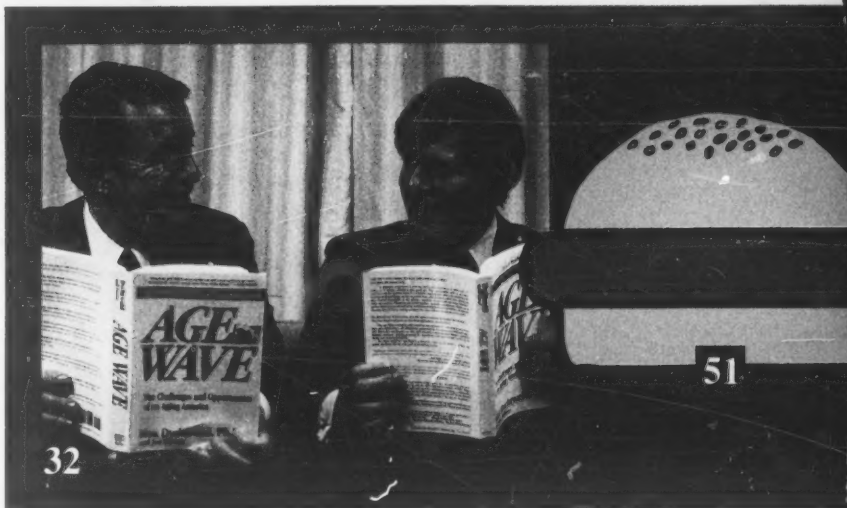
Congratulations. You own Burger King. Now what? That's the scenario presented to marketing and advertising thought-leaders as Grand Metropolitan, BK's real parent, wrestles with the real thing.

YELLOW PAGE-TURNER 59

Pacific Bell, a West Coast yellow-page publisher, is hoping to take the mystery out of national buys and turn potential revenues into bottom-line facts. The secret: image advertising that complements the pages' service strength.

BRAND REPORT 160: BUSINESS SOFTWARE 101

Like the whiz kids who write them, business software programs are a quirky business. They also score big if their marketers hit on the right formula. The major entries offer their insights into playing the field.



SPECIAL REPORT

CABLE REACHES OUT 66

To meet the call for value-added buys, cable is turning to unlikely allies — the other media. Together, the teams are forging new deals that provide blanket coverage of specific targets.

CABLE AD SCORECARD 75

After years of leading the list of top-spending agencies in cable, Young & Rubicam has been bumped from the top by five other agencies.

DEPARTMENTS

LETTERS 8

Unit pricing on radio gets some feedback, plus plaudits for our planner and syndication overviews.

PRO FILES 10

Elle's one-stop global shopping with Doné, the RAB's top deejay Potash, and Forman to the Newspaper Advertising Bureau.

PRINT BEAT 17

Newspapers' localized liquor . . . Ad/edit backscratching . . . To Russia with magazines . . . USSPI buys.

DEBUT 20

A successful Puerto Rican women's magazine, *Imagen*, steps into the U.S. in the Northeast. If all goes well, other regional editions will follow.

DIRECT MARKETING 24

Tulips and tape recorders play equal roles in a Netherlands mailing, plus a view of an interactive future and some current results of merger mania.

FREEZE FRAME 26

Light tv viewers sit at the center of the ongoing debate between cable and broadcast. The question: How do you best reach them?

CREATIVE CONCEPTS 28

McDonald's is everywhere, both on the road and in the media. Yet its omnipresent advertising offers classic examples of finely targeted marketing.

Cover: Cat's paw by Leon Parson;
products by Hom & Hom.

42

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66

BROADCAST BEAT 115

Clearances and the Big Three networks
... Subaru takes a daytime test drive
... Radio growth's regional fluctuations.

SALES PROMOTION 118

Seagram's took the top Reggie in this year's award competition, which took a few honors of its own.

TOOLS OF THE TRADE 120

Research recommendations from the Yellow Pages Publishers Association have not been well received by some national advertisers.

ON THE DOCKET 122

Efforts to regulate advertising are not always talking about the same thing. And in law, the definition of terms is everything.

BOOKS, ETC. 124

The Clustering of America fails to draw meaningful sociological insights from a marketing research technique.

ECONOMIC EYE 126

Cable's latest score plus our magazine category scorecard and Media Cost Index for December.

LAST WORD 128

Advertisers can test their global goals with pan-European media.

AS THEY SEE IT

MEDIOLOGY *Ed Papazian* 87

The *dejá vu* of impact scheduling — two identical spots in the same pod — produces recall and persuasiveness at the cost of reach.

TELEVISION *Donna Campanella* 88

The prize in 10-second promotional IDs is low-cost access to big viewing numbers.

RADIO *Dennis McGuire* 91

When thinking small town, Arbitron and Birch offer the necessary research options to get a fix on these second-tier markets.

OUT-OF-HOME *Bob Flood* 94

An analysis of out-of-home's new targeting sophistication, including a close look at point of purchase.

RESEARCH *Kit Mill* 96

Pre-teens take on greater marketing significance as demographic trends give them even more control of family buying decisions.

FREEZE FRAME

by William Smith

THE LIGHTEST TOUCH

In the protracted struggle between cable and broadcast tv for blue-chip ad dollars, most anything can become a point of contention. Lately, their feud focuses on those who watch the least tv.

Workaholics, bookworms, people fed up with commercial media or those who just can't afford a tv set — tv researchers have tapped a variety of methods to figure out how to better reach this segment. Studies by ABC and CBS make a case for broadcast tv, while the Cabletelevision Advertising Bureau (CAB) issued a February report indicating that cable is best at reaching light viewers. Caught between reams of conflicting data are advertisers and their agencies. In fact, the research staff of J. Walter Thompson was so confused that they have compiled their own report on viewing of adults 18-plus, to be released this month.

Young, active, affluent, light view-

ers seem to be the ideal prospect for many key categories. But doubt remains as to whether they actually consume more than other viewing quintiles, each of which accounts for 20% of tv households. An educated lot, they are probably receptive to ads for travel and financial services, but packaged-goods clients find them a tough and costly sell.

Under current broadcast advertising weights, the lightest two quintiles receive only 12% of all gross rating points, while the lightest quintile receives only 3%. Hence, advertisers have to air lots of ads to reach light viewers. But researchers warn against cutting exposure to the heaviest viewers to reach the light ones.

"The best payoff is to reach 60% of the heavy viewers with efficient frequency," says Madeline Nagel, vice president of marketing for ABC. "Only after you've filled those objectives can you effectively

spend money to reach light viewers."

Meanwhile, the CAB claims that if advertisers put a third of their broadcast budget into cable, they will nearly double the frequency and triple the effective reach of the lightest quintile.

While Heinz places only 5% of its television budget in cable, media director Chuck Lanphear agrees that cable "represents an excellent opportunity to reach the

lowest quintile." Conners Marianna Reges, media manager for Bristol-Myers, "Cable television is definitely making a dent in the light viewer."

But while the CAB argues that the desirable demographics of light network viewers match cable's subscriber base, the networks say that heavy tv watchers subscribe to cable mainly to get better network reception. ABC and CBS argue that mixing cable with broadcast may improve frequency, but not reach. Rather than hitting the light viewer, they claim, cable actually hits the ad-weary heavy broadcast viewer.

"Advertisers have a choice," says David Poltrack, CBS vice president of planning and research. "They can add cable and reach 100 people ten times, or they can buy broadcast and reach 200 people five times." The CAB counters that frequency distribution curves are irrelevant in planning light broadcast viewers.

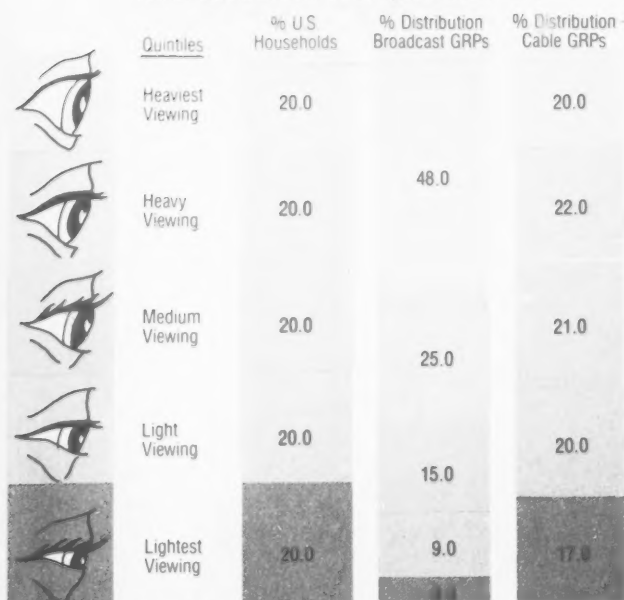
Meanwhile, agencies decry the media's "numbers mumbo jumbo." Says DDB Needham media director Page Thompson, "I have a problem with one medium or another making blanket statements and saying, 'Hey, we're reaching the light network viewer.'"

Instead, he says, agencies employ a costly, but effective tactical approach. By "cherry picking" programs with maximum impact and filtering through mundane shows, they can reach both heavy and light viewing segments.

Indeed, the Olympics reached plenty of light viewers, as did CBS' *Lonesome Dove*. And according to ABC's Nagel, 26% of network news ratings come from the lightest two quintiles, double the average for broadcast programming. On cable, A&E and CNN are considered effective light-viewer vehicles.

"The mass approach to media buying is going the way of the wagon," says Steve Greenberger, senior vice president of media research for Campbell-Mithun-Esty. "Unless you know that a specific program has impact, then you're shooting in the dark." ■

DISTRIBUTION OF BROADCAST AND CABLE GRPs BY QUINTILE



Source: Special NHI Tabulations, May 1988

CAT FIGHT

by David Kalish

It's enough to give even jaded pet-food marketers pause. Early this year, Kal Kan, one of the oldest names in American cat cuisine, threw the industry and consumers into a tailspin when its tins mysteriously disappeared from supermarket and grocery shelves. In its place, Kal Kan fans found similar-looking cans inscribed with an odd-sounding substitute: "Whiskas."

This abrupt switch comes at a particularly puzzling time. At best, name changes are hard to manage: They risk confusing — and losing — consumers. But this instance is even more hazardous for Kal Kan and its parent, Mars Inc. Kal Kan just finished a terrific year, coming within a whisker of toppling category leader 9 Lives. This was no easy feat in the contentious, \$880 million canned cat-food category, one of the few growth segments in the pet-food industry. Blue-chip marketers Mars, Heinz and Carnation last year poured an estimated \$45 million in ad dollars into the segment, a 20% increase over BAR/LNA's total for 1987. New ad campaigns were launched that put radical new twists on familiar icons like Morris the finicky cat, and product lines were revamped and new ones created.

Why then would Mars

pick such a tu-

multuous time, when things seemed to be going its way, to ditch a \$172 million brand name for a moniker that sounds like someone from Brooklyn trying to pronounce "whiskers"? "We're frankly a little baffled," confides a source at a major pet-food manufacturer, who actually was more delighted than confused. "One day you walk into the store looking for Kal Kan, and it's not there," adds Calvin Hodock, senior vice president of Comart Associates, a New York marketing consultancy. "There's got to be some sales erosion."

But Mars, a privately-held company known for marching to the beat of its own marketing drum, tosses off the criticism. Mars insists the U.S. introduction of Whiskas — a \$1 billion franchise, formerly only available in Australia, Canada, Europe and Japan — will enable the parent to realize tangible global advertising and media efficiencies. It argues the change to a global brand will eventually save the company cash and make marketing strategies more effective. The supposition is also, with Whiskas a hot item abroad, today's globe-trotting pet owners will be impressed by Whiskas' popularity and more predisposed to buying the brand when at home.

Rarely before has a packaged-goods manufacturer



tried to unify a worldwide pitch to a fickle target like cat appetites. When it comes right down to it, how can you market cat food worldwide when in some countries cats *are* food?

"This is a more unusual decision in a consumer category such as cat food than it would be in a business-to-business situation, where many people use industrial products on a worldwide basis," observes Stephen Greyser, professor of marketing and communications at the Harvard Business School. "It's arguable whether owners of cats move around the world."

Yet Mars is unperturbed. With the Whiskas brand sold throughout North America for the first time, Mars has already begun using similar promotional and advertising executions on both sides of the U.S.-Canada border. "We will think global and act local," declares Chris Green, marketing director for cat food at Kal Kan Foods in Vernon, Calif. "We will never show a French ad that was dubbed in the U.S. But if ad agencies and brand groups inside one

The fur's flying as a global repositioning of Mars' cat-food brand, number-two Kal Kan, arches the backs of its feisty rivals.

country were working with the same strategy and objective," he says. "it would be so much easier to talk to other countries and share our learning and successes." For example, if a media buy works well in Switzerland, aspects of the strategy may be transferable to a country with similar demographics and media.

Mars also maintains there are tangible benefits to be reaped right here in the United States. Mars strategists, before making their name-change decision in mid-1988, conducted focus groups and surveys that revealed consumers prefer the more feline-sounding Whiskas over Kal Kan, which traditionally was associated with dog food.

Still, the name switch clearly risks losing powerful brand loyalty for uncertain global returns. For starters, it would be exceedingly difficult to develop any sort of master media plan that could deliver reach and frequencies across international borders.

"Television is a highly developed media here," explains



COVER STORY



Rutman cites global obstacles.



Semsy foresees greater impact.

Charles Rutman, group media director and senior vice president of Backer Spielvogel Bates in New York. "But abroad in some countries newspapers are the primary advertising vehicle. To have one buy that affords some sort of equal average and impact across countries gets difficult."

Experts also question the wisdom of fixing something that ain't broke. The renaming comes after a year in which Kal Kan pawed mightily at 9 Lives' top-cat status. Nielsen figures show that Kal Kan ended 1988 with an 18.4% dollar share of the category, roughly the same as the previous year's. Yet 9 Lives' share dropped from 22.3% in 1987 to 20.6% last year. In fact, more consumers bought Kal Kan than any other canned cat food sold in the United States in the six months ended April 1988, Mediamark Research Inc. reports.

To stave off short-term sales erosion due to the name change, Mars has kept the Kal Kan name on the new package, though in dramatically shrunken lettering. Most of the old Kal Kan graphic elements, including the familiar cat mask, remain the same. In addition, in the early days of the roll out, the strikingly similar Whiskas package was stacked alongside cans of the old Kal Kan on the supermarket shelf.

Moreover, Mars budgeted an extra \$4 million this year to smooth things over, bringing the 1989 Whiskas ad budget to \$22 million. The bulk of that goes toward net-

work tv commercials that broke on Superbowl Sunday. "The cat food your cat prefers is now called Whiskas," spots soothingly suggest. Late-spring commercials will return to the testimonial ads of the Kal Kan era, with cat owners themselves declaring their pets' new preference for Whiskas.

For now at least, Mars seems to be on the right track: Nielsen figures for the four weeks since Whiskas was rolled out on January 1 show a 0.8% increase in dollar share from the previous period — a trick that was turned with the help of heavy promotion, yet occurred before the Whiskas ad blitz. It remains to be seen whether the initial advertising burst will be sustained long enough to convince consumers that only the name, not the contents, have changed. But Mars says that it is evaluating buying magazine and in-store ads to back up the network tv buy.

Despite the ad blitz, Mars may have a hard time rising above the predatory moves of competitors. Unlike most billion-dollar supermarket sections with two or three major contenders, cat food has half-a-dozen marketers that are betting the bank on the category.

There's a good reason why. Starting in 1984, the U.S. became a nation of cat lovers over dogs. But while more homes now have Kittys rather than Fidos, the overall pet population remains essentially stagnant. Nielsen reports that 1988 cat-food sales edged up 2.6%, trailed by dog-food growth of 2.3%.

But sales of canned cat food continue to be relatively tasty, spurred on by gourmet-style entries — the fastest growth segment of canned cat food — that cater to Americans' fancy for high-quality, single-serve portions. Usually served in three-ounce cans, these pricey, high-profit products rely on a simple proposition: Cats have tiny appetites, making their masters less sensitive to higher-per-ounce prices.

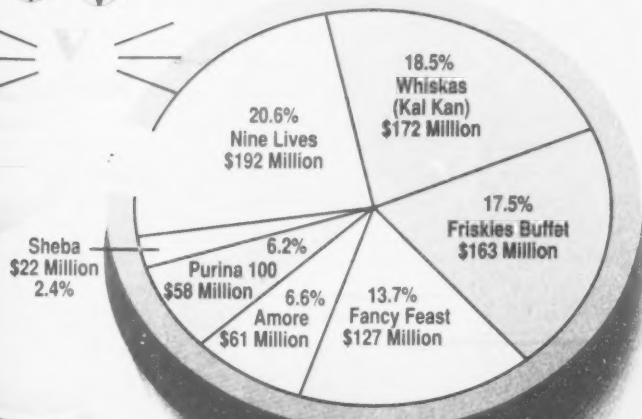
The result: Some of the biggest names in packaged goods are showing their claws. Star-Kist, seeking a bigger chunk of gourmet sales, this past fall unveiled a \$50 million revamp of 9 Lives, the canned leader in dollar sales and Kal Kan's chief competition. Formerly available only in the six-ounce size, 9 Lives now also comes in three-ounce and 13-ounce cans — an attempt to add single-serve connoisseurs and multi-cat owners to 9 Lives' customer base. Likewise, Whiskas, unlike Kal Kan, has a pull-top ring that appeals to the new generation of convenience-hungry cat owners.

But behind the larger-size 9 Lives can is a trend that Kal Kan has already cashed in on. The average number of cats per household edged up from 1.97 in 1982 to 2.1 in 1988, according to the Pet Food Institute. Kal Kan's 13- and 22-ounce cans have won the brand more users than 9 Lives among shoppers with two or more cats, Chicago's Information Resources reports.

"We realized there was an additional opportunity to

TOP CATS

Dollar sales and dollar shares of top canned cat-food brands, for 52-week period ending January 28th, 1989.



Source: A.C. Nielsen

JIM LUDTKE

capitalize on segments we weren't competing in," says Peter Bowen, general manager of cat-food marketing at Heinz Pet Products Co., which markets Star-Kist. Heinz was so gung-ho that it risked cannibalizing sales of its existing three-ounce ultra-gourmet Amore, which is ranked number five in canned cat-food sales.

Heinz asserts the makeover, backed by a sweeping print and television campaign that casts spokescat Morris in a less-sarcastic light, is the most expensive launched by a cat-food manufacturer. The ad budget was \$6.7 million for the first nine months of 1988, according to BAR/LNA.

The revamping of the \$192 million brand comes none too soon. Sales edged downward in 1988 and continued the slippage during the first four weeks of 1989, the period Whiskas was introduced. 9 Lives scratched out a 21.8% share of the canned category during that period, as opposed to its 22.7% growl for the previous month.

The competition clearly is fierce. Ralston Purina, whose biggest brand of canned cat food is the discount-priced Purina 100, continues to slash its prices on the six-ounce can. The roughly \$60 million brand is only marginally profitable, has no advertising backing and is ranked sixth in category sales. Yet Purina doesn't seem to mind: The strategy is to deplete rivals' war chests so that they will stay out of categories Purina is strong in.



his is doubtless prompting other canned manufacturers to engage in discounting that cuts into profits. About one-third of all canned cat food was bought on sale in 1988. "It's a very sensitive segment in terms of pricing, with companies usually offering two for \$1 or three for \$1," notes John Wohlen, space manager at Shaw's Supermarkets, a New England chain of 61 stores.

Purina may be taking potshots in canned, but it is launching full-scale invasions in other segments. The largest dry pet-food company in the United States, Purina introduced three new cat-food launches in 1988, including Tender Vittles Lite, the first diet cat food available through general merchandise outlets. Backing the semi-moist entry is a national "Tender Vittles Lite Fat Cat Contest" that has owners of fat felines competing for cash prizes.

Purina's first 1989 entry, Kitten Chow Dairy Formula, caters to consumers' concerns about animal health with a container shaped like a milk carton. But the novelty is already wearing thin — Carnation in February introduced Friskies Kitten Formula, also in a milk-carton-like package. The offensive goes beyond a spot tv, print and promotion buy; Carnation is donating free kits to veterinarians that include sample products, health record cards and a

Mars has already put its one-name strategy to the test with its dog food, Pedigree—and it worked.

booklet on cat care.

For its part, Purina is also sniffing out global horizons. Two years ago the St. Louis concern introduced its Chow line into Spain, with English words spelling out the brand name. Today, Purina claims its Chow is number-one in dry food in that country, "primarily because it was such an under-developed market,"

says a Purina spokesman.

And Carnation, which claims to have the most total sales in canned cat food with its Friskies Buffet and Fancy Feast, isn't sitting on its haunches either. New commercials for Fancy Feast, a pricy three-ounce product that was launched in 1982 as the first ultra-gourmet product, show cats enjoying such trappings as Persian rugs and Tiffany lamps. Carnation spent \$9.9 million to pitch the line in the first nine months of 1988, BAR/LNA reports.

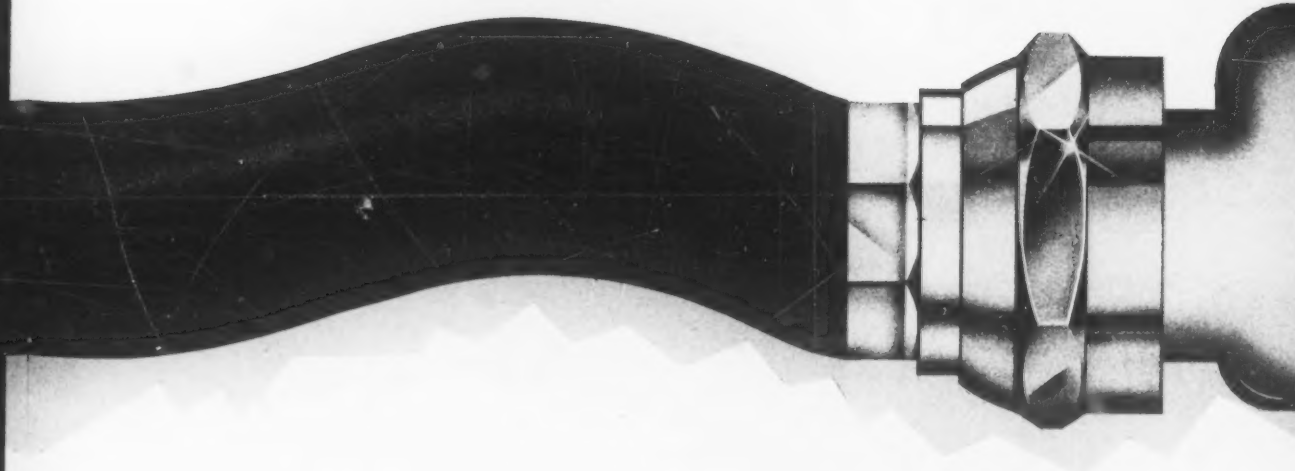
Yet while Mars upstaged the competition by risking Kal Kan's huge brand equity, the company is operating from experience: The name change is actually the second in as many years for Mars. In 1987 it renamed its Kal Kan canned dog food and Mealtime dry dog food, respectively, "Pedigree" and "Pedigree Mealtime," creating global brands in the process. And the latest figures indicate Mars may be onto something. Whereas Kal Kan canned dog food used to be number two in its category behind Alpo, new Nielsen data show, under the new label, it surpassed Alpo in 1988 dollar share 21% to 20.5%. The startling difference for the first four weeks of 1989: Pedigree leads 25.6% to 18.9%.

Experts add that if what worked for Pedigree works for Whiskas, the global branding trend can only accelerate. "For sure, it's a risk," reflects observer Arnie Semsy, executive vice president and worldwide media director at BBDO. "But the more consistent you become in the media approach and packaging, the more impact the message has to consumers."

Mars thinks it has that. "We're already starting to make use of global information in attuning [strategies] this year and next," Green notes. Using sophisticated computer technology, for example, Mars is borrowing data culled from overseas marketing programs to simulate test markets in the United States. Says Green of the company's new tools, "It is possible to insert all the variables." If Green is right, Mars' could become one very fat cat. ■



CABLE REACHES



Cable's quest for growth has led it into the arms of its non-cable rivals, often with agencies as matchmakers. Many media departments, however, are being left out in the cold.

by Joe Mandese

How to run your print ad on ESPN," reads the headline of a recent ad from the cable network promoting its new 2.1 million circulation magazine, *TV Sports*. Print ad? Cable network? Magazine? At one time, these would have sounded like strange bedfellows, but not any more. These days, just about every basic cable network is teaming up with non-cable media in an effort to add some pizzazz to their sales and marketing efforts.

After years of selling the virtues of cable vs. other media, the likes of Arts & Entertainment, CNN and USA Network are pairing with magazines, newspapers and even broadcast tv entities to offer complementary packages of cable and noncable media (see breakdowns on next page). While such

deals are the latest twist to the cable industry's emphasis on "value-added marketing," they are also leading the industry into new territory that promises to put some heat back into cable's cooling growth. In fact, many believe they are merely a precursor of things to come for the entire media industry.

"This whole area is going to explode as the Gannett's and Merediths and Murdochs begin to pull their various media properties together," predicts Clorox director of media services Bob Bolte. "And there's going to be a problem sorting all this out. You would hope that the sum is greater than the pieces, but there are definite control issues at stake here."

Indeed, multimedia packaging raises new questions about planning, buying, posting and even utilization of multimedia options. Do advertisers, for instance, have the right to "put the pieces

together and then take them apart" for different brands and different creative executions, asks Bolte.

Actually, such issues are pretty much open to negotiation in this uncharted area of cable deal-making, says Campbell-Mithun-Esty senior vice president and group media director Margaret Rosser. Says Rosser, who put together multimedia deals for insurance company client The Travelers with A&E, CNN, *Nation's Business Today* (the U.S. Chamber of Commerce's business-news show that airs weekday mornings on ESPN) and The Discovery Channel, "You can go to them with almost any idea, and they are willing to work with you." She adds, "This is something that we are trying to do with all of our media buys, but cable is a little more receptive. Just about all of the cable networks are seizing upon this as a marketing tool." While

OUT

MEDIUM

CABLE CONNECTIONS

Print:

Arts & Entertainment: *A&E Highlights*, trade deals with consumer magazines.
 CNN, TBS, TNT: Time Inc. (principal) magazines.
 The Discovery Channel: *The Discovery Channel* magazine.
 ESPN: *TV Sports*.
 The Nashville Network: *Country America*.
 Nation's Business Today: *Nation's Business* magazine.
 World Monitor show on The Discovery Channel: *The Christian Science Monitor*, *World Monitor* magazine.

Radio:

CNN: CNN Radio.
 Financial News Network: FNN Radio.
 The Nashville Network: TNN Radio.

Direct Mail:

MTV Networks: Direct-mail runs via an undisclosed direct marketing firm.
 The Weather Channel: New direct-marketing unit.

Broadcast & Syndication:

MTV, Nickelodeon, Nick At Nite and VH-1: First-run Viacom shows, including *Superboy*, *Super Mario Bros.*, *Remote Control*, *Super Sloppy Double Dare* and others.
 Nation's Business Today: *It's Your Business*.
 TBS: An unwired network affiliation with Tribune Broadcasting's stations, unwired deals with Turner Program Syndication events, such as the Goodwill Games.
 USA Network: An unwired network comprised of USA and independent tv stations, reaching 85% of U.S. homes.

Out-of-home:

ESPN: Plans to offer on-site stadium signage packages.
 MTV Networks: Special event marketing such as "Spring Break" and "Museum of Unnatural History".

there are few policies prohibiting advertisers from unbundling multimedia deals, most of the cable networks encourage buyers to cross-promote between cable and the other media to give the buy greater impact by raising awareness among consumers.

"We would not turn the space over to an advertiser to put in just any ad. That would defeat the purpose, and it starts encroaching on their potential revenues [to us]," says Larry Divney, vice president of advertising sales of A&E, which plans to do multimedia packages in 1989 that offer space in *Forbes*, *Fortune*, *Ladies' Home Journal*, *McCall's*, *Omni*, *U.S. News & World Report* and *Working Woman*.

While some cable networks leave the use of noncable media up to the discretion of the client, others actually recommend splitting it between brands and creative executions. In its "Ad

Plus" multimedia deal, which offers clients who spend \$100,000 or more in *Nation's Business* magazine the equivalent of 50% bonus weight in its cable and syndicated tv shows, *Nation's Business Today* and *It's Your Business*, the U.S. Chamber of Commerce recommends that clients split the media among brands when it makes sense. In a current deal with Nissan, for instance, the client used the magazine's "heavy trucks" issue to promote its small-truck line, but used its tv credits to promote its upscale Sentra line to business executives.

Still, clients say such deals must be scrutinized to make sure they meet the planning requirements of their brands. "It has to be looked at from a demographic and an editorial standpoint to see if it is appropriate for any of our products," says Warner Lambert director of advertising services Kaki Hin-

ton. Such deals should not be done for the sake of novelty, she says, but should serve a strategic purpose.

"The value of a multimedia concept — if it is right for our particular target audience — is that you can package something and get better rates by going through one person as opposed to doing it piecemeal. Otherwise, it would make sense for us to go out and buy it individually," she continues. "The logic for us is that you get added value, and you also get the economies of scale."

Gary Morgan, an N W Ayer senior media supervisor who has developed several multimedia cable deals for clients, agrees. "We first do the media analysis to determine whether a cable network is the right buy for us. Then we proceed to see what kind of 'media extras' can be blended in to make the media and marketing efforts that much more distinct."

While the value of these multimedia deals for clients often comes in the form of bonus weight, cable sales executives say such deals are more than just extra freebies. "It's the *gestalt* theory of media planning," says Douglas McCormick, senior vice president of sales for Lifetime Cable Television. "In theory, the whole should be greater than the sum of the parts."

In other words, everyone should gain from a multimedia deal: the client by better value and more impact; the agency by streamlined cross-media negotiations; and the various media involved by raising the percentage of budgets allocated to them.

While this may be the ultimate goal of such cable packages, sales executives concede that they currently are more of a novelty than a fundamental shift in the way cable tv is sold. "There's a certain amount of sex appeal associated with these deals from an agency standpoint," explains CNN vice president of sales Larry Goodman. "It enables them to go back to the client and say, 'I've done something creative, and I'm communicating your message in a way that other advertisers have not taken advantage of.'"

Actually, cable sales executives say that about half of these deals are done directly with clients, because agencies often are not equipped to take advantage of multimedia buys. Pointing out that agencies generally segregate print and broadcast buying responsibilities, Lloyd Werner, senior vice president of marketing for Group W Satellite Communications, which markets The Nashville Network, says, "Even if they can plan a cross-media deal, they are not set up to buy that way."

But even clients can have a hard time rationalizing the buying logic of a multimedia deal. "It may be harder for us to analyze than a deal where we buy the pieces separately," admits AT&T broadcast manager Douglas Ritter. "It's much easier for us to buy one medium singularly than for us to evaluate a number



Ayer's Rosser: "You can go to cable networks with almost any idea and they are willing to work with you."

of different opportunities, because then we have to bring more people into the purchase decision here at our company. And the more people you bring into the purchase decision, the harder it becomes."

Ritter says the added hassle of a multimedia deal may cancel out the added value. "Occasionally, what we've done is jettisoned the other parts of the media package and said, 'Let's just make the tv part work.' So, we've been defeating their purpose." Ironically, in a recent multimedia proposal to AT&T, Ritter says the company declined a

joint cable and radio deal, but considered making the radio buy only.

Still, cable networks see such deals as a means of extending their reach beyond the coaxial wire and into the advertising budgets of the broader media universe. "We're no longer just a cable tv buy," boasts MTV Networks vice president of advertising sales Douglas Greenlaw, "we're a total marketing vehicle." According to Greenlaw, all of MTV's top ten clients currently are involved in "something other than just a cable buy. We're not saying that buying

MTV is bad, but we're saying that there's a lot more to us than just that."

In addition to offering time on its four basic cable services — MTV, Nickelodeon, Nick At Nite and VH-1 — MTV now offers packages that include time on first-run syndicated shows from parent Viacom (which recently made MTV's sales department its national barter rep) and plans soon to offer opportunities in *MTV To Go*, a new consumer magazine it is launching. The cable network also is developing direct-mail options based on its own lists and has extended its "off-cable" marketing opportunities via special-events marketing, such as its "Museum of Unnatural History" traveling mall show.

Other cable networks are following suit. TNN which launched a radio network called TNNR this October, will launch the third leg of its multimedia marketing stool: *Country America*, a 400,000 paid-circulation magazine that is a joint-venture with Des Moines-based Meredith Corp. "We don't view ourselves as cable networks. We view ourselves as a marketing tool for advertisers who want to reach country-music fans," confesses TNN's Werner. "Cable is a technology, and an outdated one at that. It's just a way for us to get into people's homes."

Though such words may sound like blasphemy to their cable system affiliates, cable networks increasingly are singing

Affiliations to keep an eye on:

Arts & Entertainment: Capital Cities/ABC, General Electric, Hearst (principals).

ESPN: Capital Cities/ABC (parent).

Lifetime: Capital Cities/ABC, Hearst (principals).

MTV Networks: Viacom (parent).

The Nashville Network: Gaylord Broadcasting, Group W (principals).

USA Network: MCA, Paramount (principals).

such tunes in an effort to move themselves up to the next rung on the marketing ladder. While cable networks have had great success in recent marketing efforts, they still are selling a medium that is only in 55% of U.S. homes, and one which potentially will never be in more than 70%. So extending their marketing reach via multimedia tie-ins makes very good sense.

"What it does is it takes them out of the business of just selling cable spots," observes AT&T's Ritter. "I think they've begun to realize that you can only go so far selling commercials, and what they really want to do is help us market our products by trying to combine a number of media together in order to increase their sales." ■

NETWORKS AT A GLANCE

NETWORK	SUBSCRIBERS (millions)	1988 AD REVENUES (net in millions)
Arts & Entertainment	36	\$20.0
BET—Black Entertainment TV	22	8.9
CBS	43.5	50.0
CNN/CNNH*	48.4	121.6
The Discovery Channel	37	16.4
ESPN*	50	125.0
FNN—Financial News Network/FNN Score*	20	17.0
Lifetime	42	53.2
Movietime	11+	1.2
MTV	44.2	68.0
TNN—The Nashville Network	43	50.2
Nickelodeon	39.6	30.1
TBS**	47	195.9
TNT	23	NA
USA Network	47.9	110
VH-1	29.6	9.7
The Weather Channel	38	10.6

Sources: Cabletelevision Advertising Bureau; *Paul Kagan Associates; Network, industry and M&MD estimates; **Includes Atlanta ad revenue—Kagan.

DIRECT CONNECTIONS

Given its recent success at attracting blue-chip advertisers, has cable abandoned the less glamorous and lucrative mainstay of direct response?

For the most part, no. As the medium's demand begins to tighten supply, direct-response advertisers generally are airing fewer and mostly shorter ads than five years ago, and more often during fringe time. Established cable networks like ESPN have maintained revenue from direct response, but as a percentage of total revenue, direct-response advertising has slipped from about 8% to less than 5% since 1985, says Bob Jeremiah, ESPN sales vice president.

Since 1985, direct-response ad rates, which once were one of the best bargains in town as cable sought to establish itself, have increased some 20%. But ad agencies have adapted to the shrinking cable market, says Lawrence Butner, president of Lawrence Butner Advertising, whose direct-response clients include *Barron's* and *The Wall Street Journal*. The trick has been to convince big name publishing and finance clients to spend more on producing slicker and shorter advertisements.

Their crisp and staid advertisements on cable scarcely resemble those from cable's early days, when fledgling cable networks aired seemingly interminable ads for obscure products, ranging from ginzu knives

to K-Tel greatest hits compilations. "The days of junk ads on cable are over," says Butner.

Direct-response's second-tier status means uncertainty, but at an attractive price. As flexible inventory that can be booked or preempted on short notice, direct-response ads get cheaper leftover spots, usually discounted about 50% off the national rate.

"We don't know what we're getting until after the fact," says Polly Langbort, media director for Wunderman Worldwide, a top direct-response agency, with \$350 million in billings, whose clients include Time-Life.

And more and more often, agencies and networks say, direct-response ads are being preempted from prime time. Certain shows have virtually no time slots for direct-response and are booked solid with national image advertisers.

Repeating the medium's early days, newer cable networks like CNBC and Turner's TNT are more eager for direct-response advertisers. To lure skeptical clients, they will set rates per inquiry, often guaranteeing a certain response. More established networks usually negotiate set rates for their direct response. With networks like ESPN charging between \$1,500 and \$2,000 for a 30-second direct-response ad on fringe time,



Butner sees slicker and shorter direct-response spots on cable.

agencies scout for cut-rate deals from cable networks anxious to fill space at the last minute.

Still, most direct-response advertisers find cable a sweet deal. Of Butner Advertising's \$25 million in billings for 1988, about 45% went into cable, 35% to broadcast tv and 15% into radio.

"We like the good company," says Emile Pragoff, director of advertising for Charles Schwab, which puts 75% of its direct-response budget into cable. "Cable has twice the audience it used to. It's like running two spots for the price of one."

William Smith

CABLE AD SCORECARD

A GUIDE TO THE TOP 20 AGENCIES IN CABLE, BY BILLINGS

(A key to the networks and abbreviations appears on page 84.)

FOOTE, CONE & BELDING

1



Jim Cunningham,

Vice president, associate national broadcast director

Clients placed on national cable:

Amana
California Raisins
Celestial Seasonings
CIBA Geigy
Clorox
Colgate
Coors
Holland America Line
H.I.S. Jeans
Kraft

Levi's
Marriott
Mattel
Mazda
MCA Home Video
Orion
Ray-O-Vac
S.C. Johnson
Shaklee
Sunkist Growers
Teledyne Water Pik
Zenith

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, Movietime, MTV, Nickelodeon, Nick at Nite, TBS, TDC, TNN, TNT, Travel Channel, TWC, USA, VH-1

1988 billings: \$47 million
Projected 1989: \$50 million

DOB NEEDHAM WORLDWIDE

3



*New York
Bart McHugh,*

Senior vice president, director of national radio/television programming

Clients placed on national cable:

Amtrak
Audi
Colombian Coffee
Flecto
First Nationwide Network
Frigidaire
Frito-Lay
General Mills
GTE
H.J. Heinz
Hershey
Maybelline
Michelin
Mobil
National Dairy Board
Ramada Inn
Rubbermaid



*Chicago
Wes Dubin,*

Senior vice president, director of national broadcast and programming

State Farm Insurance
The Nashville Network
Universal
Volkswagon

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, FNN Score, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TDC, TNN, TWC, USA, VH-1, WGN

1988 billings: \$42 million
Projected 1989: \$48 million

SAATCHI & SAATCHI ADVERTISING

2



Allen Bork,

Executive vice president, director of marketing services

Clients placed on national cable:

California Almond Growers
CPC
Florida Dept. of Citrus
General Mills
Kikkoman
Helene Curtis
ICI Corporate
Johnson & Johnson

L'eggs/Hanes/Sara Lee
Mexican Tourism
Northwest
Paine Webber
Procter & Gamble
Squibb
Teletime
Toyota
Tyson
Upjohn
Yamaha

Networks used: A&E, BET, CBN, CNN, CNNHN, Discovery, ESPN, FNN, Galavision, Lifetime, MTV, Nickelodeon, Nick at Nite, SIN, TNN, TNT, USA, VH-1, WTBS.

1988 billings: \$43.5 million
Projected 1989 billings: \$51.3 million

GREY ADVERTISING

4



Alec Gerster,

Executive vice president of media and programming

Clients placed on national cable:

B. F. Goodrich
Block
Capital Cities/ABC
Canon USA, Inc.
Color Tile
Creamette
General Foods
JRAP
Kenner
Mitsubishi

Olin
Panasonic
P&G
Playtex
Quaker State
Red Lobster
Remington
Stroh
Tonka
Upjohn
U.S. Mint
Warner Bros.
Warner Bros. Television
Warner Home Videos

Networks used: A&E, BET, CBN, CNN, CSM, Discovery, ESPN, FNN, JEFF, Lifetime, Movietime, MTV, Nashville (TNN), Nickelodeon, SIN, Sports Channel, TBS, TNT, TWC, US, VH-1

1988 Cable Spending: \$36.0 million. Projection: \$38 million

J. WALTER THOMPSON

5



*Richard Kostyra,
Executive vice president, U.S.
director of media services*

Clients placed on national cable:

Benetton
Eastman Kodak
Fisher Price
Ford
Gerber
McDonnell-Douglas
Mexicana Air

Monroe Auto.
Norfolk Southern
NW Mutual
Orkin
Oscar Mayer
Paramount HV
Quaker Oats
Scott
20th Century Fox
U.S. Marine Corp.
U.S. Sprint Communications
Walker Manufacturing

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, Lifetime, MTV, Univision, TBS, TNN, TWC, USA

1988 billings: \$35 million
Projected 1989: \$40 million

YOUNG & RUBICAM

6



*Paul Isacson,
Executive vice president,
broadcast programing and
purchasing*

Clients placed on national cable:

Adidas
AT&T
Arthur Andersen
Brach's Cand.,
CIBA-Geigy
Clorox
Colgate-Palmolive
Dannon
Dr Pepper
Du Pont
First Brands
Goodyear
Heublein
Hillshire Farms
Holiday Inn

Jamaica Tourist Bureau
Jenn-Air
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Met Life
Mylanta
NYNEX
Olympic Stain/Paint
Pillsbury
Revlon
Richardson-Vicks
Sun Diamond
Suzuki
TWA
UNISYS
U.S. Army
U.S. Postal Service
Warner-Lambert

Networks used: A&E, BET, CBN, CNN, CNNHN, C-Span, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TDC, TNN, TWC, Univision, USA

1988 billings: \$33.6 million
Projected 1989: \$35.3 million

BBDO

7



*Stephen Grubbs,
Senior vice president, director
of national tv buying*

Clients placed on national cable:

Apple computers
Campbell Soup
Centel Corp.
Coldwell Banker
Delta
Dodge
Du Pont
Equitable
General Electric

HBO
Kemper
Navy
Lever Bros.
Pepsi
Pizza Hut
Polaroid
U.S. Navy
Visa
Wm. Wrigley Jr.

Networks used: A&E, BET, CBN, CNN, ESPN, FNN, Lifetime, Movietime, MTV, Nick at Nite, TBS, TDC, TNN, TWC, USA, VH-1

1988 billings: \$30 million
Projected 1989: \$33 million

D'ARCY NASIUS BENTON & BOWLES

8



*Irwin Gottlieb,
Senior vice president, national
broadcast & programing
director*

Clients placed on national cable:

Brown Shoe
Conagra
Coming

Denny's
Dow Chemical
General Foods
Hampton Inns
Mars
NBC
Paramount Pictures
Procter & Gamble
UDIA
Whirlpool

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TNT, Univision, USA, VH-1

1988 billings: \$28.0 million
Projected 1989: \$38.0 million

OGILVY & MATHER

9



*Alice Greenberg,
Senior vice president, director,
national television and
programing*

Clients placed on national cable:

American Express
AT&T
Campbell Soup
Committee on Energy
Awareness
Compaq
Cotton
Duracell
General Foods
Hardees

Hershey
Kimberly-Clark
Mattel
Owens Corning
Publishers Clearing House
Ryder
Seagrams Wine Cooler
Sears
Shell
Smith Barney
United Technologies
Waste Management
Western Publishing

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TDC, TNN, TNT, TWC, USA, VH-1

1988 billings: \$25.0 million
Projected 1989: \$30.0 million

CAMPBELL- MITHUN-ESTY

10



*Media directors, left to right:
Chuck Abrams, Earl Herzog, Ric Paschke, Tom Winner*

Clients placed on national cable:

Anderson
3M
Chrysler Motor Corp. — Jeep,
Eagle
Corona
Dow Brands
General Mills Inc.
Jeep/Eagle Dealer
Associations
Kimberly-Clark Corp.
Minolta
Tambrands

Texaco
The Toro Company
The Travelers

Networks used: A&E, CBN, CNN, ESPN, FNN, Lifetime, Nickelodeon, Nick at Nite, TBS, TDC, TNN, TNT, TWC, USA, VH-1, WGN

1988 billings: \$24.1 million
Projected 1989: \$27.7 million

N W AYER

11



*Robert E. Igiel,
Senior vice president, executive
media director, national
broadcast*

Clients placed on national cable:

AT&T
Burger King
C.B. Fleet

Citicorp
Dunlap
Dupont
Gallo
General Motors
J.C. Penney
KitchenAid
Procter & Gamble
Sterling Drug

Networks used: A&E, BET,
CBN, CNN, C-Span, ESPN,
FNN, Lifetime, MTV, TBS,
TNN, TNT, TWC, USA

1988 billings: \$24.1 million
Projected 1989: \$26.5 million

LINTAS: CAMBELL- EWALD

12



*Suzanne Shawn,
Vice president, network/new
technologies*

Clients placed on national cable:

Bridgestone

Camation
DBM
General Motors
Howard Johnson's
Kodak/Sterling
Lego
Mastercard
Noxell

Networks used: A&E, CBN,
CNN, CNNHN, ESPN, FNN,
MTV, Nickelodeon, TBS,
TDC, TNN, TWC, USA

1988 billings: \$20.9 million
Projected 1989: \$52.6 million

McCANN-ERICKSON

13



*Ira Carlin,
Executive vice president,
national media director*

Clients placed on national cable:

Alaska Tourism
American Express Gold Card
AT&T
Black & Decker
California Milk Advisory Board
Century 21
Champion Anco
Chevron

Coca-Cola
Cosmair
Exxon
General Motors
Hilton Hotels
Mennen
National Dairy Board
Nintendo
Texas Instruments
Viadent
Washington State Apple
Well Fargo Bank

Networks used: A&E, CBN,
CNN, ESPN, FNN, Lifetime,
MTV, Nick at Nite,
Nickelodeon, TBS, TDC,
TNN, TNT, Travel Channel,
TWC, USA, VH-1

1988 billings: \$20.2 million
Projected 1989: \$23.5 million

LEO BURNETT

14



*Willard Hadlock,
Executive vice president,
director of media services*

Clients placed on national cable:

Allstate
Amurrol
BASF
Black & Decker
First Brands
Heinz
Kellogg
Kraft

McDonald's
Mrs. Smith Pies
Noxell
Oldemobile
Pillabury
Procter & Gamble
Richardson-Vicks
Samsonite
Seven Up USA
Starkist
Tropicana
United Airlines

Networks used: A&E, BET,
CBN, CNN, CNNHN, ESPN,
FNN, Lifetime, MTV,
Nickelodeon, TBS, TDC,
TNN, TWC, USA, VH-1

1988 billings: \$18.4 million
Projected 1989: \$16-\$20
million

BACKER SPIELVOGEL BATES

15



*William P.
Croasdale,
Senior vice president, director
radio/television programming*

Clients placed on national cable:

Carter Wallace
CBS
Castle & Cooke
Hyundai

KalKan
M&M Mars
Miller Brewing
Philips Consumer Electronics
The Prudential
Prudential Bache
Quaker Oats
Uncle Ben's
Wendy's
Xerox

Networks used: A&E, CBN,
CNN, ESPN, FNN, Lifetime,
MTV, Nickelodeon, TBS,
TNN, TNT, TWC, USA

1988 billings: \$15.5 million
Projected 1989: \$21.4 million

BOYELL, JACOBS, KENYON & ECKHARDT

16



*Ted
Paszkiewicz,
Vice president, associate
director of network operations*

Clients placed on national cable:

ACE Hardware
American Airlines
Bencisur
J.I. Case

Chrysler Import Cars
Faberge
Kawasaki
Lawn Boy
Lorimar
Merrill Lynch
Valvoline Oil
Vice-Grip Tools
Weiders Health & Fitness
Wolverine

Networks used: A&E, CBN,
CNN, ESPN, FNN, Lifetime,
MTV, Nickelodeon, TBS,
TDC, TNN, TWC, USA, VH-1

1988 billings: \$15.2 million
Projected 1989: \$16.8 million

LAURENCE, CHARLES, FREE & LAWSON

17



*Ann Kohl,
Vice president, director of
national broadcast*

**Clients placed on national
cable:**
Gorton's
Selsun Blue
Thompson Medical

Networks used: A&E, BET,
CBN, CNN, ESPN, Lifetime,
TDC, TNN, USA, VH-1

1988 billings: \$12.0 million
Projected 1989: \$14.0 million

CHIAT/DAY

18



*Annette
Cerbone,
Vice president, director of
national television*

**Clients placed on national
cable:**
Mitsubishi
National Car Rental
Nissan Motor
Reebok International
Ricoh
Royal Caribbean Cruise Lines
3M Corp. — Personal Care
Division

Networks used: A&E, CBN,
CNN, CNNH, ESPN,
Lifetime, MTV, Nickelodeon,
USA

1988 billings: \$9.0 million
Projected 1989: \$10.0 million

LOWE MARSCHALK

19



*Marilyn Fisher,
Senior vice president, director
of broadcast services*

**Clients placed on national
cable:**
Drexel Burnham Lambert
Kitchens of Sara Lee

Networks used: A&E, CNN,
ESPN, MTV, Nickelodeon,
Lifetime, TBS, TDC, Travel
Channel, USA

1988 billings: \$8.1 million
Projected 1989: \$10.2 million

KARNICK ADVERTISING INC.

20



*John J. Meskil,
Executive vice president, media
& administration*

**Clients placed on national
cable:**
CPC International
Crafted with Pride in the USA
Council
Fruit of the Loom Inc. (BYD)
Schering-Plough
Sterling Drug

Networks used: A&E, CNN,
CNNH, ESPN, Lifetime,
MTV, TBS, TNN, TWC

1988 billings: \$3.0 million
Projected 1989: \$10.0 million

Key to the Networks

A&E: Hearst/ABC Video Enterprise Alpha Repertory Television Service. Cultural programming.

BET: Black Entertainment Television. Black-oriented shows.

CBN: CBN Cable Network. General interest.

CNN: Cable News Network. Ted Turner's all-news.

CNNH: Cable News Network Headline Service.

DISCOVERY: See TDC.

ESPN: Entertainment and Sports Programming Network. Sports plus *Business Times*.

FNN: Financial News Network.

FNN Score: Evening sports on Financial News Network.

HTS: Home Team Sports. A regional sport network.

LEARNING CHANNEL: Educational and business programming.

LIFETIME: Women's service from Hearst/ABC/Viacom Entertainment Services.

MOVIE TIME: All things Hollywood, 24 hours a day.

MSG: Madison Square Garden Sports.

MSN: Modern Satellite Network. *Home Shopping Show*.

MTV: Viacom's 24-hour rock-music channel.

NICK AT NITE: Family evening fare from Nickelodeon.

NICKELODEON: Viacom's kids channel.

TDC: The Discovery Channel. Science, nature, history and exploration.

TNN: The Nashville Network. Country/Western.

TNT: Turner Network Television. General.

TWC: The Weather Channel from Landmark Comms.

UNIVISION: Spanish-language programming.

USA: USA Cable Network. General.

VH-1: Video Hits One. Adult music videos from Viacom.

WGN: Passive superstation from Chicago.

WON: Passive superstation from New York.

WTBS: Ted Turner's WTBS-TV, Atlanta, superstation.

BRAND REPORT

No. 160: Business Software

NUMBER CRUNCHERS

by Brian Bagot

If tradition can exist in an industry that's only about 10 years old, then the business micro-software industry has traditionally had three leaders — Microsoft, Lotus and Ashton-Tate. But watch out — there is a whole group of software publishers pushing furiously to the top of the micro mountain. And like any mountain, there's more than one way to the top.

This \$4 billion industry has enjoyed a decade of unbridled

growth as software publishers averaged sales gains of 30% to 40% annually. Two of the top three companies have annual software sales exceeding the \$400 million mark, while second-tier players are nearing \$100 million.

Although a specific definition is difficult to nail down, business software, unlike entertainment, is designed to help companies make and save money by creating a more efficient or professional working environment.

SOFTWARE MEDIA EXPENDITURES (000)
Consumer Media January-September 1988

	Rome Reports Business Magazines January-December 1988	Nine-Month Total	Bar Spot Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines
Microsoft	11,439.0	910.4	—	—	296.4	614.0	—
Lotus	4,457.3	3,432.1	—	784.6	2,605.5	33.1	8.9
Ashton-Tate	3,599.1	944.9	—	44.1	800.6	100.2	—
Borland	7,299.8	34.8	—	—	—	34.8	—
Computer Associates	4,427.8	153.4	—	—	91.1	62.3	—
Software Publishing	1,565.2	940.3	5.8	—	934.5	—	—
Aldus	1,375.1	—	—	—	—	—	—
WordPerfect	2,340.0	—	—	—	—	—	—
Autodesk	938.8	—	—	—	—	—	—
MicroPro	583.6	—	—	—	—	—	—

Sources: Broadcast Advertisers Reports (BAR); Leading National Advertiser Reports (LNA); Radio Expenditures Report (RER); Media Resources (MR); Rome Reports; Network, cable, syndicated television and

television (LNA); Radio Expenditures Report (RER); Media Resources (MR); outdoor not reported during period

Major segments defined by the Software Publishers Association (SPA) include word processing and spreadsheets, representing 17.2% and 16.5% shares of retail sales, respectively. Two others are data-base programs, with 12.3%, and graphics, with 8.9% of the retail sales.

spreadsheet segment, where competition is getting hotter as players vie for position while the leader, three-year-old Lotus 1-2-3, undergoes a rewrite. In the fast-paced software world, one to two years is the usual life span of a program before it is upgraded to the next generation. It is this development

huge task. Lotus underestimated that job." As Stephen Kahn, the vice-president of marketing for Borland, notes, "People waited [for the new Lotus program], but they're not able to wait any longer." Though sales of Borland's products are up as a result, he still notes ruefully that "despite Lotus's lateness, 1-2-3 is still out-selling our Quattro and Microsoft's Excel."

Figures from InfoCorp show Lotus 1-2-3's market value in 1988 hitting \$734 million, while Excel's reached \$113 million and Quattro's totaled \$14 million. Market sales represent the total street value of the program, only about half of which goes to the publisher.

InfoCorp's Dan Ness, senior analyst for software research, says Lotus has not lost as much marketshare as it might have during the rewrite period. He thinks the Excel program could have made more gains on 1-2-3, but because it requires a more powerful machine, adoption was limited. "There was nobody to come in and take market share from Lotus," he believes. "In the Macintosh market, Excel is doing very well, but will someone buy a Mac just for the Excel program?" Ness asks.

Some industry observers say Lotus 1-2-3 once held about 80% of the spreadsheet market, but that during the past 18 months this has slipped to about 60% to 70%. It's noted, however, that the slip came from others capturing new users, as opposed to losing current users to competing programs. Software companies try to break into the untapped areas of a market rather than attempt to steal away users who have already made a major investment in another program.

By company, the overall leader of the pack is Microsoft, with \$591 million in sales last year. Microsoft surpassed Lotus as number one in sales about three years ago. Unlike Lotus, which has maintained a more conservative course, Microsoft has been more aggressive. "Microsoft has placed itself in a precarious position by stretching its resources and shipping some buggy products, which it took a beating for," says Jeffrey Tarter, editor of *Softletter*, and industry newsletter. "They're always stretched thin and tend to bite off a little more than they

This is about Lotus 1-2-3.

At the moment, millions of Lotus 1-2-3 users are faithfully awaiting the arrival of a product called Release 3. A character-based product that promises greater power and greater versatility for serious spreadsheet users. Release 3 is a better idea.

In the meantime, we have a question: If Release 3 is in fact character-based, and the entire personal computing industry continues moving toward graphics-based environments, will we want Release 3? It is a question that Release 3 must answer.

Actually, you can do both. Because you have nothing to lose by seeing the other side of the spreadsheet story, and trying it for yourself.

So, start Microsoft Excel. The spreadsheet specialist designed for people who want to make the most of their data. The spreadsheet that's actually better than Lotus 1-2-3.

With Windows (OS/2 Presentation Manager and, of course, the Macintosh), you can start Lotus over. If you're a big spreadsheet, we fully understand that. We do understand it. So, some make sure your hard drive can hold up to 1-2-3.

Then, to be sure, we've made a transition to Microsoft Excel attractive. We've made it from Microsoft Excel actually better than Lotus.

As Lotus may or may not have told you, Release 3 will need a substantial investment in new hardware. The same hardware that runs Microsoft Excel. All we're saying is, if you're considering new machines, make the most of these new machines. Something Release 3 might need.

But, since we're believing so, we've made it convenient to get a sample of Microsoft Excel in your hands. Simply call us at 1-800-541-2262, Dept. J, for a free sample disk of your own. It's worth the call. It's worth the experience.

In fact, we're confident about Microsoft Excel that we're offering a no-questions-asked, money-back guarantee. If you don't like it, we'll give you your money back. No questions asked. We're actually willing to guarantee our current technology against Lotus technology that will never be available.

So, if all this brings us to a decision, millions of you are about to lose 1-2-3. Upgrade to the newer and simpler, if a graphics-based spreadsheet. With out saving its own throat.

Just an upgrade.

Microsoft
Making it all make sense.

Microsoft's Excel ad goes straight for the Lotus user.

This is not a follow-the-leader industry where cut-price knock-offs pop up over night. The technology changes with the rising sun as software categories are constantly developed. It's this trait that makes successfully marketing a program a business of finesse and timing.

Since the first product in specific segments of the market usually has the advantage over competitors, it can be futile trying to play catch-up. But systems have to be updated regularly to meet the growing demands of the end-users. When updating is no longer sufficient, the systems have to be re-programmed, creating a window of opportunity that allows other players in the market to enter with a more advanced program than the established leader has to offer. "They leapfrog," says Joe Cross, an analyst with Future Computing, a computer industry research and information company. "The key is to identify when the technology changes, and then come in and surpass" the current leading program. It's sort of like a racing car driver being passed while in a pit stop.

Such is the current scene in the

period, however, that provides the open window for competitors. Most notable in this case are Microsoft and second-tier Borland International, which are soup up their campaigns in an effort to gain on Lotus.

Opening up the window a little more is that the rewrite has taken longer than Lotus anticipated. As Cross points out, "They wanted to develop versions for different operating systems, which is a

The business is not a follow-the-leader industry where knock-offs pop up over night.

can chew." But whatever they're eating, it has kept them on top.

Another company growing towards the first tier is Software Publishing Corp. Its Harvard program is ranked number two in the graphics segment, with \$30.2 million in sales last year. Watch out too for WordPerfect, the leader in the word processing category with its WordPerfect word processing program, which last year totaled up \$199 million in sales, according to InfoCorp.

Many second-tier companies have filled holes the market leaders missed by supplying the lower end of the market with inexpensive programs, according to Nancy McSharry, analyst with International Data Corp. But after making gains in the lower end, they are now starting to offer more sophisticated programs and move upscale. Borland International, for instance, has made several acquisitions over the past few years to increase its range of products. The company has also moved away from the low-end mail-order business, and in the spreadsheet category, its Quattro spreadsheet program ranked third in dollar volume last year.

As far as distribution goes, channels vary, but the primary route is from producers to distributors to retailers. Mail order also has an important role in the business, primarily for the lower end of the market. Dave Freeman, chief executive officer of Advanced Computer Products and chairman of the Direct Marketing Association's Micro Computer Council, estimates that 20% to 30% of business software sales are generated through direct-marketing efforts.

Large corporate customers can buy direct from a producer, but for the most part, the final sale is made by the retailer. Many of the larger chains and franchises have outbound sales staffs to solicit corporate accounts.

To get sales moving on all levels, the software industry is increasingly turning to advertising. The technology trade press, for example, has benefited nicely from this trend. This is the primary media used where corporate specifiers in management information system and data processing (MIS/DP) departments can be reached, as well as those influential office-computer enthusiasts. The tech trade books received the bulk of the \$35 million spent

on trade ads by the top ten producers last year, according to Rome Reports.

However, as system costs go up and buying one becomes a major business decision rather than a computer decision, senior managers are getting into the act. Many software publishers are branching out to vertical trade books like the *Journal of Accountancy* and *Insurance Journal*, as well as the general business press to go beyond the end user and tap department heads and business managers.

Ad expenditures in the consumer

**The key is to
identify changing
technology,
then come
in and
pass
the
leader.**



press, which includes the major business publications, totaled \$6.4 million, while total newspaper plus Sunday magazines expenditures were \$853,300 in the first three quarters of 1988, according to figures from Leading National Advertisers (LNA). Lotus was the big spender here, with \$2.6 million in consumer magazines and \$42,000 in newspapers and Sunday magazines during the first nine months of last year.

Spot radio, primarily a promotional vehicle, was used by only two of the leading producers. In the first three quarters of '88, Lotus spent \$784,600, while Ashton-Tate spent \$44,100.

The following companies are leaders in the business software industry, based on preliminary 1988 retail sales figures, as ranked by Dataquest Inc., San Jose, Calif.

Microsoft

Microsoft, which has grown from 80 employees in 1980 to 2,800 around the world and was the leader in dollar volume in 1988, is going straight for the

Lotus jugular with its latest Excel ads from Ogilvy & Mather, headlined: "This is about Lotus 1-2-3."

This strategy, says Ogilvy's Michael Delman, vice president and account supervisor for Microsoft, allows the company to begin a dialogue with buyers in the spreadsheet market, touting the program's benefits over 1-2-3's. "We explain the benefits of a graphic environment that they don't get in 1-2-3," he says. "The graphic environment is more functional, easier to learn and offers better output."

Graphic and character environments are the range of type and design options offered. The industry had historically been limited to systems that are limited to character outputs, but as PCs have gotten more powerful, a demand has been created for programs with greater capabilities. Better environments can provide the best of both worlds.

For the most part, the targets for Microsoft's exclusively print campaign are the power users and the heavy computer-related decision makers in the MIS/DP departments. But as senior managers are moving into the picture, the company's ad base has been expanded from technology books to include newspapers and newsweeklies to hit corporate upper-level management.

Jeffrey Sanderson, group product manager for word processing and head of the PC Line Committee at Microsoft, describes the marketing evolution as sort of a push-and-pull situation. "We're pushing the MIS people to make us their standard," he says. "They don't have a reason to add a new standard unless someone asks. They need motivation from within the institution, otherwise they'll stay with an existing product." This is where expanding the media mix comes in—it increases reach.

Trade expenditures last year totaled \$11.4 million, according to Rome Reports, while in the first three quarters of '88 consumer ad spending, tracked by LNA, was about \$910,400.

Delman says that Microsoft is maintaining its presence in the 10 to 12 core computer books, but is also branching out into business publications like the *Wall Street Journal*, *Fortune*, *Business Week*, *Time*, *Newsweek* and *U.S. News and World Report*. The rationale behind expanding the ad base, Delman

explains, is that not everyone involved in the purchase decision, particularly those in business management, reads the technical publications. "A lot of decision makers don't pick up the PC books. The only way to reach them is through a broader range of media," he states.

Lotus

After a year of development, Lotus expects to get its long-awaited 1-2-3 Release 3 on the market this spring. In an effort to hold on to its huge share of the spreadsheet market, Lotus made some minor adjustments to 1-2-3 with a value pack that provides additional functions to the 1-2-3 while users waited for the new program. Some of the added features include Lotus Learn and Lotus Speed-up.

The company says its ad budget falls within the industry standard at about 2.5% and 5% of annual revenues. Sales for 1988 totaled \$468.5 million.

The two main targets for the 1-2-3 ads are "mavens," computer enthusiasts for whom working on a PC is a major part of their job, and new generation professionals, or the middle managers who use the PC as an extra-edge tool. To reach the mavens, who are also the primary influencers in buying decisions, ads are placed in the various computer books like *PC Week* and *PC Magazine*. The new generation professionals are reached through a core list of business publications like

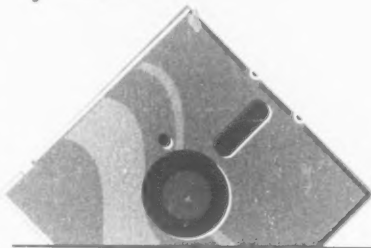


How we made the most powerful integrated software a whole lot easier to use.

Lotus Symphony 2.0

Lotus Symphony pitches contrasting strengths.

Lotus underestimated the task of rewriting 1-2-3 for varied systems.



Fortune and Business Week.

Jan Cooney, media supervisor with Leonard Monahan Lubars & Partners, Providence, R.I., the agency handling the account, says the media campaign will expand through the use of more business publications like *U.S. News and World Report* and *Forbes*. Competitors are becoming more aggressive as they vie for 1-2-3's market, and the expanded campaign is part of the effort to keep the Lotus 1-2-3 presence in the market.

Tom Monahan, president of LML, says that while the 1-2-3 rewrite is taking place, another strategy Lotus has employed to spur sales is promotional activity. One of the deals includes conversion to the 1-2-3 Release 3 program when it's available, an option included with the purchase of the current 1-2-3 Release 2.01 program.

Lotus is also one of two software publishers to use spot radio, the other being Ashton-Tate. It has used it for promotions with a major Western retailer called Egghead. About \$784,589 was spent on ads in the first three quarters of last year, according to Radio Expenditures Report.

The company is also trying to break away from its one-product image. While users may refer to the 1-2-3 program as "The Lotus," the company offers around 10 other programs, all with the Lotus prefix. "The primary job is to sell the product, but the second job is to keep the Lotus image up," says Monahan.

One program that's helping the com-

pany expand its image is its Lotus Symphony, a business-software program integrating 1-2-3 spreadsheet technology with word processing, graphics, data bases and communications. Its media schedule has not yet been decided.

Ashton-Tate

Ashton-Tate is the dollar volume leader in the information retrieval segment with its dBASE programs. One nice piece of data is that sales of these and other programs generated \$267.3 million in revenues for Ashton-Tate last year, according to InfoCorp.

Another more-than-one-product company, Ashton-Tate uses a different ad strategy for each of its products, since the target groups change from program to program. But the ads tie in with an easy-to-use theme.

"We never develop an advertisement looking at the other companies, but develop strategies in what we think is the right way to introduce the products to the customers," explains Lydia Dobyns, vice president of corporate marketing. "One of the challenges is to continue to invest. Where is the experiment? What risks can we afford to take? What's new to help us understand the customer?"

With ads from Foote, Cone & Belding and a \$10 million ad budget, Ashton-Tate avoids standard trade journals because, as Dobyns says, "There's not enough computer adoption in business



"Frankly, I didn't think I'd be able to handle dBASE software."

Ashton-Tate has an easy-to-use theme.

Ashton-Tate's MultiMate program was ranked number two in the word-processing category last year by InfoCorp, with \$78 million in market value.

Rorland International

Borland is one of the aggressive second-tier companies heading to the top. With \$73.4 million in sales last year, its Quattro spreadsheet program ranked third in its category with a market value of \$14 million.

The company is aggressively moving to take advantage of the 1-2-3 rewrite with an ad campaign, done in-house, that plays off the delay. Its "Appearance Counts" ads are running in the various computer books, including *PC Week*, *Byte* and *InfoWorld*, as well as vertical trade books like the *Journal of Accountancy* and *Insurance Journal*, according to Stephen Kahn, vice president of marketing.

With the support of an advertising budget that's about 10% of annual revenues, more emphasis is also being placed on direct marketing. One ex-

ample of Borland's efforts here is a trial-sized version of its Paradox 2.0 data base program. The trial diskette is an interactive, but cut-back version of the program that demonstrates hands-on to potential buyers and users its range of functions.

Primarily, the trial version is mailed free to corporate computer decision makers off rented technical publication lists, as well as through Borland distributors, who use their own lists. Also, to individuals responding to ads, the version is available for \$14.95.

Acquisitions are also playing an important part in the company's growth. Most recently, Borland acquired Ansa Software in September 1987, a move that made the company a major player in the information-retrieval business with Paradox.

The Paradox program is ranked number three in its category with a street value of \$36 million last year. In January, Paradox 3.0 was introduced, the latest version of Borland's database management system.

Computer Associates

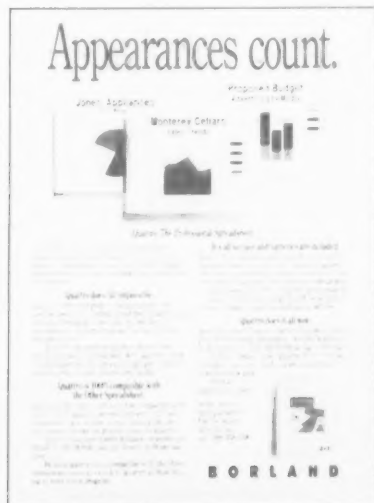
Recognizing that its marketing efforts in the micro segment were not as strong as they could have been, Computer Associates reassessed its strategy, picked up J. Walter Thompson San Francisco as its new agency and is now taking its micro message to the streets in a big way.

"In the past year we've tried to put our marketing message out there. We've tried to restructure our efforts and get our marketing act together," says Brett Bullington, vice president of sales and marketing.

Looking at the future of the young, fast-paced micro-software industry, Bullington expects J. Walter Thompson to bring a methodology to the company's marketing efforts. "The move makes us take a step back and think how we can get the message we want to the audience we're trying to reach," he notes.

The company wants to get higher brand recognition for its products. Burlington also says Computer Associates is trying to get closer to the installation base and come up with better ways end-users can utilize the products.

Taking into account the three basic levels of a business-software purchase



Borland's graphic finesse is its selling point.

Accounting Software So Sophisticated It Even Lets You Multiply



The simple truth is the business of money is to grow. The sad truth is most accounting software can't handle that. But in checkers order seems to be a standard feature.

Which is one of the most compelling reasons to consider the ACT/PC Plus. Because it is precisely that: a line. A smooth, efficient road for expansion. Allowing you to transfer data when you make up.

The starting point in ACT/PC Plus, our premier offering, is excellent audit trail features. According to Software Digest: And here's where you can take it to the middle workbooks: 187 Accounting, IV, 1984 (code: 187) "astounding value".

Finally, our powerhouse, ACT/PC Plus offers perspective, off its shell solutions for a wide variety of businesses. Rated "best in its class" by *Entrepreneur*, Plus offers the ultimate in control.

And we offer even more.

Like significant rebates for the ACT/PC software you already own. And the subsidy and support that come from the world's leading independent software company.

Call 1 800 351 5276. In Canada call 1 800 351-6444.

We'll tell you more about ACT/PC, our rebate program and what we're all about your business. Simply help us grow.



Software
Digest

*The latest for Computer Associates
comes from J. Walter Thompson.*

— MIS/DP, end users and senior management — Computer Associates is targeting the key group of influencers through the core computer publications *PC Week*, *Byte* and *InfoWorld*. Other decision makers, such as department heads, are being tapped with ads in vertical trade magazines like *The Journal of Accountancy*. Most of its \$2 million budget went into the computer books, though.

Its spreadsheet program, SuperCalc 5, is ranked number five in market value, with more than \$10 million in sales last year.

Software Publishing Corp.

Most of Software Publishing Corp.'s campaigns are in the monthly computer books, but the company is beginning to branch out into the business press as it pushes its Harvard Graphics program, which generated about 47% of the company's \$73.1 million in revenues last year, ranking it second in the category.

"We're trying to reach business executives who use business productivity software," explains Kathleen Bower, advertising and promotions director. She explains that the needs of this group are different than those of the MIS/DP group and are addressed differently.

When addressing the business reader, Bower says the company's ads, by Young & Rubicam, zero in on how its programs can increase productivity

The company was the only one of

Ads produced by Dahlin, Smith and White out of Salt Lake City run the gamut of computer trade books. As the company broadens its line of products,



Aldus employs a mix of marketing tools, but public relations, says Jill Bamburg, director of marketing, plays a large part. "Many of the high-tech decisions are made by laymen who need help from credible sources," she

Most of the in-house generated ads



Its number-one program, WordPerfect, generated about 80% of its sales last year and has a 40-to-50% share of the word-processing market.

The company's marketing and advertising expenditures total about 25% of annual revenues. Net revenues from 1986 to 1988 rose 62.8% to \$79.3 million. Some of the company's major expenditures last year included advertising designed to increase its presence in the corporate arena, as well as involvement in AutoCAD expositions in the U.S. and Europe. To do this, they used titles such as *Machine Design*, *Design News* and *Architectural Record*. ■

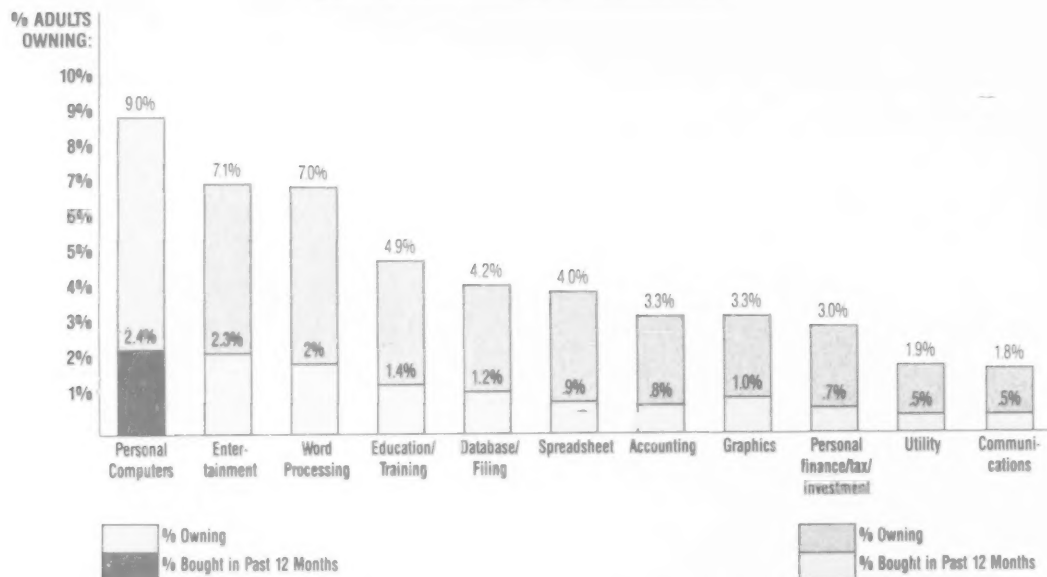


BRAND REPORT INDEX

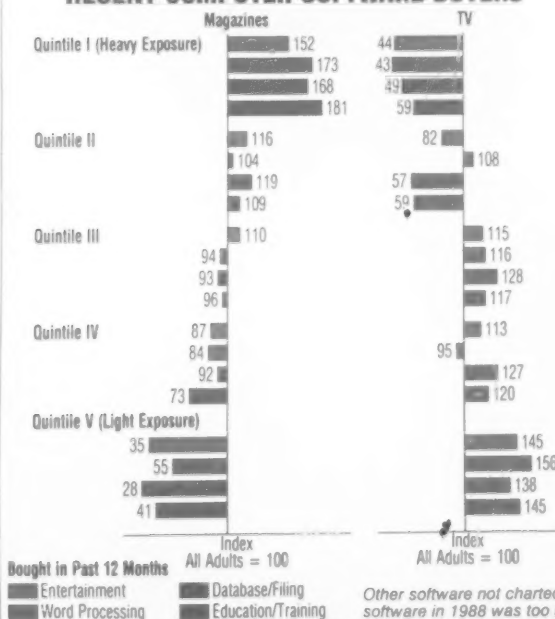
BUSINESS SOFTWARE

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

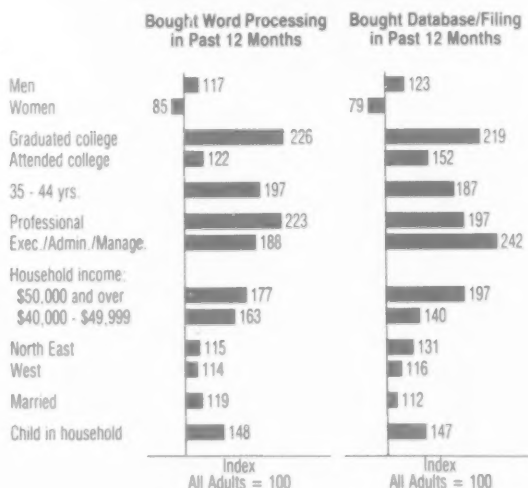
COMPUTER SOFTWARE PENETRATION



MEDIA EXPOSURE AMONG RECENT COMPUTER SOFTWARE BUYERS



SAMPLE KEY DEMOGRAPHICS BY COMPUTER SOFTWARE TYPE



Other software not charted because percentage of adults buying the software in 1988 was too low to accurately provide demographics.

TOOLS OF THE TRADE

by Wally Wood

SEEING RED OVER YELLOW-PAGES RESEARCH

The conclusions of the Yellow Pages Publishers Association task force on syndicated research, released at the end of February, provoked a loud and negative reaction from some people they most hoped to please — national advertisers.

"I'm disappointed and frustrated," says John Joseph, vice president of marketing at Roto Rooter Services Company and chairman of the Telephone Directory Advertising Committee of the Association of National Advertisers. "I believe the recommen-

That task force concluded that although book-to-book comparison "offers certain industry members potential advantages, the association does not recommend the adoption of syndicated intramedia research on an industry-wide basis. YPPA does, however, recognize the opportunity for syndicated intramedia research and encourages individual publishers to evaluate and meet that opportunity associated with it as appropriate in selected markets."

Joseph sees this as a cop out. "The YPPA says that publishers should con-

executive of Pacific Bell Directory (currently testing national ads in its pages), said last October, "We have just begun to be noticed on the national scene . . . We believe in our coldest and most analytical hearts that 15% to 20% annual growth in national revenues is possible, probable and sustainable over the balance of this century."

For one thing, they are starting from a teeny, tiny base. According to YPPA, advertisers spend only 1.3% of their national advertising dollars in the yellow pages. Something like 88% of the \$7.3 billion total yellow-pages industry revenue came from local advertisers. But to obtain more national advertising, says just about everybody, yellow-pages publishers will have to do the things other media have long done — at the very least, provide syndicated, third-party research.

It's perhaps not surprising that an association of publishers does not embrace book-to-book comparisons and, admittedly, some competition has gone away. Southwestern Bell pulled out of Manhattan, Chicago, and Florida; Donnelly out of Houston and Miami; Nynex out of Connecticut; and American Directories out of St. Louis.

Joseph argues, however, that 22 of the 50 largest markets are truly competitive in yellow pages, including eight of the top 10. "And when you put those 22 markets together, they represent 25% of the U.S. population. Advertisers and consumers still have a choice of alternative directories from which to select. The publishers have got to be wearing blinders."

According to Edward Schneck, senior vice president at Wahlstrom & Co., yellow-pages publishers have had trouble seeing the difference between their own custom studies and syndicated research. In the former, "they design the study. They control release of the data

NATIONAL YELLOW PAGES MONITOR					
Category Ranking Report					
Top 10 References			Top 10 Categories Resulting in a Contract		
Category	References Per Month	% of Total References	Category	% of Category References	
1 Restaurants	5,982,000	7.6%	1 Pizza	93%	
2 Airlines	2,772,000	3.5%	2 Auto Tires	92%	
3 Physicians & Surgeons	2,166,000	2.8%	3 Florists	91%	
4 Automotive Repair/Service	2,106,000	2.7%	4 Toys/Ty Stores	88%	
5 Automotive Parts/Supplies	2,097,000	2.7%	5 Automotive Parts/Supplies	88%	
6 Department Stores	1,743,000	2.2%	6 Hardware	88%	
7 Pizza	1,583,000	2.0%	7 Locks/Locksmiths	87%	
8 Banks and Savings & Loans	1,513,000	1.9%	8 Theaters	87%	
9 Beauty Salons	1,457,000	1.9%	9 Department Stores	87%	
10 Insurance	1,447,000	1.8%	10 Carpets & Rugs	86%	

Data Based on NYPM Preliminary Results (January - June, 1988) in the eight California Metro Markets

dations are short-sighted and self-serving. They represent the lack of industry commitment to the biggest need of advertisers and agencies."

A year ago, YPPA formed a task force to study syndicated research. The committee looked at a number of vendors, including National Yellow Pages Monitor, a division of NFO Research, San Francisco; ARC Syndicated Yellow Pages Services, a joint venture between Advertising Research Corp. and Elrick & Lavidge, Berkley Heights, N.J.; Directory Data, a division of Survey Sampling Inc., Fairfield, Conn.; Statistical Research, Westfield, N.J.; and others.

sider usage research where it is appropriate. To me that is no more than a glorified escape clause."

Blanche McGuire, vice president of marketing resources, Ketchum Yellow Pages, observes that while the task force did not recommend against book-to-book comparisons, "We continue to strongly support intramedia research in markets with strong competition. We're disappointed they didn't recommend it on an industry-wide basis."

Such reactions can't encourage these publishers hoping to up their national business (see the related story on pg. 59).

John Gaulding, president and chief

TOOLS OF THE TRADE

so we only see the good numbers. They tend to use the studies as promotional material, instead of releasing the data in report format for agencies like ourselves to analyze and use within the media plan itself."

J. Raymond Avedian, president and chief executive officer of YPPA, agrees, but says the situation is changing. In the not-too-distant past, "research only came up in a very narrowly-defined conversation and was not the kind of research we are contemplating." Now, Avedian adds, much of the industry understands that to be considered when advertisers are formulating media plans, "people have to have information to make intelligent decisions about our business."

Based on its research recommendations, the YPPA statement says, "The task force has concluded that two ven-

dor programs currently offer the best potential for further development." Avedian, on the advice of counsel, would not identify those vendors, but others suggest they are National Yellow Pages Monitor and ARC Syndicated Yellow Pages Services.

Directory Data, for one, feels they've been sandbagged. The research service has been collecting data book-to-book since October 1987. "We have completed 1988 data collection, with some 65,000 completed household [possession] interviews and recovered personal [directory-usage] interviews with 49,000 of those," says Matt Cone, an account executive. Directory Data says that it has invested over \$2.5 million in research that compares one book to another.

"Given recent public statements by leading publishers," said Directory Data, a vendor which was on the verge

of releasing its study of directory usage, "it is absolutely astounding to learn that the YPPA task force has recommended against book-to-book comparisons!"

While the publishers probably will not change their position too soon, the YPPA has established a standing research committee to address current and future research issues. The association has hired Ronald B. Kaatz, associate professor of advertising at Northwestern University's Medill School of Journalism and former director of media concepts at J. Walter Thompson USA, as an outside consultant. He is currently working with the association staff forming a blue-ribbon standing research committee which will address such critical items as syndicated research, expanded circulation data and response measurement. ■



**Do something
to revitalize
America's
economy.**

Support America's colleges. Because college is more than a place where young people are preparing for their future. It's where America — and American business — is preparing for its future.

**Give to
the college of
your choice.**



A Public Service of The Ad Council

COLLEGE BOARD AND RED CROSS (CBA)

Somewhere
somebody needs
help.

Please support your local chapter.



American
Red Cross



ECONOMIC EYE

CABLE CONNECTION

Nielsen reports that U.S. cable penetration reached 54.8% in February, totaling 49.5 million households. Palm Springs has the highest cable penetration (86%), though New York City has the most cable tv households (3.4 million). Boise is the market with the lowest cable penetration — 37.6%.

MAGAZINE AD SCORECARD

	Ad Pages Feb. 1989	% change from Feb. 1988	Dollars spent (000)	% change from Feb. 1988
1. Skin care, Creams, Lotions and Oils	223.07	+5.8	8,787.6	+15.3
2. Lip and Eye Beauty Products	108.44	+1.3	4,597.1	+17.2
3. Scents and Fragrances	107.91	+40.1	3,271.1	+58.6
4. Facial Makeup Products	82.05	-19.7	3,055.8	-15.4
5. Prepared Dinners and Entrees (including pizzas)	28.73	-48.6	1,584.9	-55.4
6. Liquor	272.84	+26.7	12,587.4	+24.9
7. Cigarettes	634.21	+18.9	38,444.3	+28.1
8. Soaps and Detergents	28.34	-20.8	1,847.9	-18.0
9. Passenger Cars, Domestic	804.06	-1.7	31,906.6	-17.0
10. Passenger Cars, Imported	448.06	-35.4	24,082.9	-21.8

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change
Network TV																
Daytime	76	-18	73	-22	81	-17	73	-14	146	+60	82	-16	80	-14	73	-10
Nighttime	110	-0	122	+8	110	+0.3	118	+4	118	+11	114	-9	113	-2	109	-2
Spot TV																
Prime time	126	-8	125	-4	-	-	125	-8	141	+14	128	+8	104	+3	129	+5
Daytime	103	-13	93	-10	-	-	100	-14	107	+4	106	-6	102	-10	99	-6
Network radio	116	+2	116	+2	102	-0.5	111	+8	112	+5	131	+8	125	+10	119	+12
Spot radio	-	-	101	+3	-	-	-	-	105	+2	-	-	-	-	-	-
Consumer magazines	115	+5	115	+5	115	+5	114	+5	116	+8	115	+5	118	+6	119	+6
Natl. Sunday mags	116	+13	116	+13	116	+13	128	+14	130	+10	130	+10	130	+10	130	+10
Business publications	117	+5	117	+5	117	+5	117	+5	118	+6	118	+5	120	+6	120	+7
Newspapers	124	+7	124	+7	124	+7	124	+7	123	+7	124	+7	124	+7	124	+7
Outdoor	123	+8	123	+8	123	+8	123	+8	123	+8	113	-4	113	-4	113	-4

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

MARKETING & MEDIA DECISIONS



UPFRONT '89

IBM's
BRAND STAND

POWER PLAYS

As print's new rules put agency print teams to the test, Y&R's

MARKETING & MEDIA DECISIONS

COVER STORY

PRINT POWER 36

Young & Rubicam is the latest agency to restructure its print planning and buying operation to hopefully better meet new print opportunities. But are such changes warranted? Media experts on the client and agency sides have strong, and divided, answers to that question.

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As cable grows, so grows its upfront. This year, more than one quarter of total ad commitments are expected to be made in advance.

Cover photograph by Judy Gurovitz

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Multimedia packages offer efficiency, but they can also lead you off your marketing path.

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Technical marketers too often leave their marketing plans in the hands of technicians, says Leslie Hitch.

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A few simple rules can help you find your way through those geographic and demographic buys as the breakouts begin to multiply.

NEWSPAPERS David Martin 92

Message to sellers: You're not selling space; you're selling strategic value. Start taking advantage of it.

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DIRECT MARKETING

by Rebecca Fannin

A FRIEND ON THE HILL

The direct marketing industry has a friend in Senator Robert Kasten of Wisconsin, who recently joined in a fight against increased taxes on mail-order sales. In March, Kasten introduced a resolution on the floor of the U.S. Senate in opposition to pending federal-tax legislation.

This legislation, dubbed the "Abuse Tax," would require mail-order companies to collect use taxes from customers in all states that impose a sales tax, including those states where the companies don't have a legal presence.

"In effect, state legislators want to turn mail-order companies in other states into collection agents for their own state treasuries," said Senator Kasten in addressing the Senate. "The collection of taxes in this manner would be grossly inefficient and the costly

burdens of this tax collection would hurt mail order companies and their employees."

The proposal "should be called the 'Abuse Tax' because it abuses con-

sumers, businesses, the economy and the U.S. Constitution," said Kasten, who expressed particular concern for the "elderly, handicapped and rural families who rely on mail-order services for their important purchases."

"Consumers trying to make mail-order purchases would be forced to plow through an intricate maze of state and local taxes — taxes which often affect various items differently — to try and determine the applicable tax, and then actually figure the amount due," said the senator.

Kasten said that allowing state laws to "reach across state lines is a dangerous precedent" and an "entirely unwarranted restriction on interstate commerce."

Needless to say, direct marketers are pleased. Bob Levering, the Direct Marketing Association's vice president for government affairs, noted that the senator's leading role in fighting the tax is a significant milestone. ■

1988: THE TIE-BREAKER

After an even finish in 1987 with Wunderman Worldwide for the top rank as the largest direct-marketing agency, Ogilvy & Mather Direct pulled ahead in 1988, according to figures recently released by the Direct Marketing Association, with \$272 million in billings. Wunderman's year-end total was \$266 million. Both billed \$260 million in 1987.

Third rank has a newcomer, Rapp Collins Marcoa. The new agency is a merger of Marcoa DR Group and Rapp & Collins, which last year ranked fourth and sixth, respec-

tively.

Other agencies that merged and moved up the ladder include Saatchi & Saatchi Direct, which linked up with CMS last year to become the 16th largest shop. Another newcomer is HDM Direct Marketing; there were no figures available for the agency in 1987. Also debuting on this list are Unispond Inc., previously known as Omni Marketing;

THE TOP 25 DIRECT-RESPONSE ADVERTISING AGENCIES BY U.S. GROSS BILLINGS

AGENCIES REPORTING FEES & COMMISSIONS ONLY	BILLINGS (\$ IN MILLIONS)	
	1988	1987
1. Ogilvy & Mather Direct	272.0	260.0
2. Wunderman Worldwide*	266.0	260.0+
3. Rapp Collins Marcoa (1) (2)	210.5	208.0+
4. Foote Cone & Belding Direct	169.0	150.6+
5. Gray Direct International	108.0	103.0
6. Kobs & Draft Advertising, Inc.	90.2	85.3
7. Chapman Stone & Adler	83.6	75.0
8. Barry Blau & Partners, Inc.*	82.5	72.3+
9. Unispond Inc. (3)	62.6	57.0
10. HDM Direct Marketing Group	57.0	N/A
11. Lowe Marshall, Inc.	55.0	51.0
12. Devon Direct Marketing & Adv., Inc.*	51.4	40.0
13. Unites Direct	51.0	48.0
14. McCann Direct	51.0	53.0+
15. Eric Mower and Associates, Inc.*	50.5	48.0
16. Saatchi & Saatchi Direct (1) (2)	48.7	28.5+
17. McCaffrey & McCall Direct Marketing	46.2	64.0
18. DMB&B Direct, Inc.*	43.7	37.3+
19. Ayer Direct/Division of NW Ayer, Inc.	39.4	33.4
20. GSP Marketing Services*	39.4	41.7
21. Saugatuck/FKB	36.6	N/A
22. Bozell, Jacobs, Kenyon & Eckhardt, Inc.	34.1	40.1
23. Gillette Advertising, Inc.*	33.0	27.5+
24. Lawrence Butner Advertising, Inc.*	24.3	27.2
25. Muldoon Direct Inc.	19.7	14.1

* Agencies submitted adjusted figures for 1987

(1) Does not include internal production revenue

(2) Mergers/acquisitions: Rapp & Collins merged with Marcoa to form Rapp Collins Marcoa; CMS merged with Saatchi & Saatchi Compton DFS to form Saatchi & Saatchi Direct. 1987 figures reflect CMS in Rochester, Atlanta and New York City

(3) Formerly known as Omni Marketing Inc.

* Information confirmed by outside auditing firm

** J. Walter Thompson did not submit figures for 1988

Source: Direct Marketing Assn.

Eric Mower & Assocs.; DMB&B Direct; Devon Direct Marketing; Saugatuck/FKB; and Muldoon Direct.

Two major agencies dropped out of the top 25 during 1988: J. Walter Thompson, which ranked 21st last year, didn't make the ranking because it did not supply the DMA with figures. Also a no-show was Ketchum Direct, which last year ranked 23rd.

Award for the fastest growth among the top 25 goes to Devon Direct, which went from 16th to 12th with a billing increase from \$40 million to \$51 million. McCaffrey and McCall Direct Marketing dropped the most, from \$64 million in 1987 to \$46 million last year, from a rank of 10th to 17th.

FREEZE FRAME

by William Smith

THE OTHER UPFRONT

As national advertisers prepare to cut their upfront tv deals for the 1989-90 season, they should expect to find a few more chairs at this year's negotiating tables. While the upfront's main players have traditionally been the big three broadcast networks (plus Fox), the improved lineups and ratings of major cable networks mean this year's deals will probably be made with a big six, or even seven.

Cable sales executives are warning advertisers that top inventory, for cable and broadcast, is in short supply. In fact, due to a tight network news market, CNN had sold 90% of its second-quarter inventory by late March, according to sales manager John Barbera. And ESPN had nearly sold out its 1989 NFL football schedule.

While there have been sporadic upfront cable deals cut in previous seasons, the major cable networks this year are structuring their first true upfront market. Like their big brothers in the approximately \$3 billion upfront broadcast market, the smaller cable networks are offering guaranteed ratings for advertisers that make large commitments for the upcoming year.

And agencies are taking notice. "This is the first year we've ever bought cable upfront," says Willard Hadlock, executive vice president of media services of Leo Burnett.

Estimates for cable's 1989 upfront revenues vary from \$350 million (27%) to \$500 million (38%) of the projected \$1.3 billion in the national cable advertising market. That's still far below the broadcasters, which lock up about 70% of their advertising dollars during the upfront, according to Tom Winner,

media director of Campbell-Mithun-Esty. But for a year in which rating points are widely considered to be scarce, revenues for cable's upfront marketplace are expected to surge 100% from last year's skimpy base, according to Jack Myers, president of Myers Communications.

Network and Lifetime.

In fact, some agencies with large packaged-goods clients are so used to buying cable in the scatter market that they won't buy cable upfront at all. "Frankly," says one agency media director who requested to remain anonymous, "the cable upfront is way overblown. We view it as a renewal process, because we spend too damn much money to do it any other way."

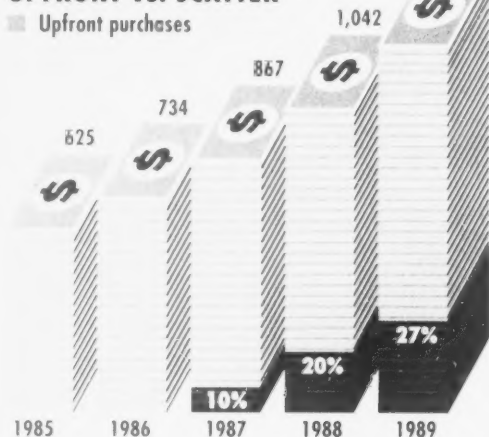
His agency, like others with a few large clients, sets multi-year terms with the cable networks, which they simply modify each year. Few big advertisers are willing to scrap these longstanding deals and cut new ones from scratch every year, as is the case in the broadcast market.

Young & Rubicam, for example, still plans cable by the season, says Paul Isacson, executive vice president of broadcast programming. If advertisers want to buy a regular schedule of cable, Isacson advises they buy time upfront. Otherwise, don't bother. Time on quality programs may be scarce, he adds, but smaller advertisers can probably still buy plenty of decent cable programs on the scatter market.

By contrast, other agencies say that it is the big cable advertisers that can gain the most from buying cable upfront. "The earlier, the better," says Esty's Winner, who says he has already cut several upfront cable deals this year. "It is the advertisers that are heavily involved with cable that should be considering the upfront market."

"We're looking at a natural evolution of cable," concedes Dave Poltrack, CBS vice president of planning and research. But, he adds, cable's upfront presence doesn't worry him. "It's a more sophisticated market," says Poltrack, "but it's not a case of the tail wagging the dog." ■

TALE OF TWO CITIES CABLE NETWORK AD SALES UPFRONT vs. SCATTER



Source: Cabletelevision Advertising Bureau, industry estimates

Cable's upfront business has been fueled by a bevy of medium-sized service and high-tech advertisers, say cable salesmen. By luring computer companies, copier makers, fax machine manufacturers, hoteliers and car-rental firms, CNN's CPMs jumped more than 15% last year, and have doubled to about \$6 since 1985. CPMs for network prime currently run about \$10.

Squeezed out of cable's prime time are many packaged-goods advertisers, which generally prefer buying cheap CPMs in bulk. Most continue to buy cable quarterly, rather than annually, and have been shifting cable dollars from high-priced big networks to less expensive fare, such as The Nashville

THE 1989 UPFRONT BUYER'S GUIDE

by Joe Mandese

It's been likened to everything from Wall Street's commodities exchange to an outright crap shoot. Nonetheless, every year in late spring or early summer, advertisers commit billions of dollars to network ad time on ABC's, CBS' and NBC's upcoming tv season. Why the gamble? In a word, protection. Besides locking in known prices and program inventory, "upfront" buyers get guarantees that the shows they buy will meet ratings estimates.

Traditionally, big network advertisers have committed from one-half to three-quarters of their tv budgets to such upfront buys, risking the balance on the unknown pricing and availability of the remaining network inventory in the quarterly scatter

markets. But in recent years, a round of unusual circumstances has led a greater number of network buyers to place more of their budgets upfront to protect themselves from the vagaries of scatter. Two years of transition to people meters were followed by last season's triple whammy: the Olympics,

elections and the tv writers' strike.

Already, this upcoming season promises a few buying glitches. After announcements from advertisers that they would not sponsor Fox's *Married... With Children* and NBC's *Nightingales* due to controversial subject matter, buyers are bracing for tough negotiations over program content.

"Anything that uses excessive sex, profanity or violence is taboo," notes J. Walter Thompson director of media services Richard Kostyra. He adds that pressure on this year's upfront will come from advocacy groups like the American

Family Association, which is monitoring the content of network shows this month, even as agencies plan their schedules. "If people decide that they

PRIME TIME



"Anything that uses excessive sex, profanity or violence is taboo."

Richard Kostyra
Director of media services,
J. Walter Thompson

TOP 10 CLIENTS

	1988	1987	% Change
General Motors	\$181.8 mm	\$111.6 mm	+62.9%
Kellogg	130.3 mm	122.5 mm	+6.4%
McDonald's	128.6 mm	142.3 mm	-9.6%
Philip Morris	125.8 mm	158.0 mm	-20.4%
Procter & Gamble	117.5 mm	110.7 mm	+6.1%
PepsiCo	100.8 mm	101.7 mm	-.3%
Unilever	95.7 mm	125.2 mm	-23.6%
Johnson & Johnson	73.0 mm	97.0 mm	-24.7%
Am. Household Prods.	72.7 mm	83.0 mm	-12.4%
Ford	69.5 mm	103.4 mm	-32.8%

TOP 10 CATEGORIES

	1988	1987	% Change
Restaurants/drive-ins	\$313.8 mm	\$367.3 mm	-14.6%
Domestic cars	231.1 mm	208.0 mm	+11.1%
Imported cars	224.2 mm	208.9 mm	+7.3%
Cereals	214.2 mm	201.2 mm	+6.5%
Movies	123.8 mm	112.4 mm	+10.1%
Candy & Gum	112.5 mm	121.3 mm	-7.3%
Cold remedies	108.5 mm	102.6 mm	+5.8%
Headache remedies	95.5 mm	119.7 mm	-20.2%
Soft drinks	85.7 mm	79.0 mm	+8.5%
Trucks	76.5 mm	79.2 mm	-3.4%

TOP 10 CLIENTS

	1988	1987	% Change
Procter & Gamble	\$132.0 mm	\$165.9 mm	20.4
Philip Morris	49.9 mm	43.9 mm	+13.7
Unilever	49.2 mm	60.5 mm	18.7
Am. Home Products	44.6 mm	54.6 mm	18.3
Johnson & Johnson	39.0 mm	50.9 mm	23.9
RJR Nabisco	38.1 mm	48.8 mm	21.9
Quaker Oats	36.4 mm	34.6 mm	+5.2
Bristol Myers	31.8 mm	38.8 mm	18.0
Eastman Kodak	27.6 mm	31.9 mm	13.5
Nestle	25.4 mm	23.2 mm	+9.5



“There is no reason not to buy daytime. It is a bargain daypart.”

Mel Conner
Director of network operations,
Saatchi & Saatchi DFS

DAYTIME

want to be in placid, safe shows, that would certainly put a premium on shows like *Matlock*,” predicts Saatchi & Saatchi DFS director of network operations Mel Conner.

Ogilvy & Mather director of national tv and programming Alice Greenberg agrees. “There will be a greater demand against softer shows and an avoidance of shows that are perceived as being a problem,” she says. “That will create a pricing structure that is separate from ratings. Safe shows with low ratings may get a premium, be-

cause the demand is there and shows that have high ratings but problems with content may be avoided.”

Should buyers run out of “safe” shows, Saatchi’s Conner predicts prime-time budgets may shift into news, late-night or other media. Be that as it may, most network advertisers will likely continue to build their 1989-90 schedules around prime time.

PRIME TIME

According to data from Broadcast Advertisers Reports, the \$3.662 billion the three networks wrote in 1988 prime-time business was off 8.3% from the \$3.994 billion they did in 1987. Network executives note, however, that those diminished billings merely were diverted to nearly \$1 billion in

Olympics and political advertising on the three networks. NBC executive vice president of sales and marketing Bob Blackmore estimates that NBC’s 16 days of Summer Olympics coverage and several Olympics specials absorbed about 5% of its prime-time inventory for 1988.

EARLY MORNING



“All of a sudden daytime is cheaper than early morning.”

Steve Grubbs
Director of national tv buying,
BBDO

TOP 10 CLIENTS

	1988	1987	% Change
Procter & Gamble	\$29.5 mm	\$30.7 mm	3.9
Philip Morris	15.2 mm	16.9 mm	10.1
Kellogg	8.9 mm	6.9 mm	+29.0
Dial Mattress	6.2 mm	3.5 mm	+80.0
Quaker Oats	5.9 mm	5.5 mm	+7.3
Heinz	4.7 mm	2.1 mm	+123.8
RJR Nabisco	4.6 mm	5.9 mm	22.0
Eastman Kodak	4.5 mm	2.4 mm	+87.5
Sears	4.2 mm	1.1 mm	+281.8
Beecham	4.2 mm	1.6 mm	+162.5

TOP 10 CATEGORIES

	1988	1987	% Change
Cold remedies	\$49.6 mm	\$51.0 mm	2.8
Cereals	44.7 mm	50.6 mm	11.7
Games & Toys	41.3 mm	45.4 mm	9.0
Candy & Gum	40.1 mm	38.2 mm	+5.0
Headache remedies	39.3 mm	51.5 mm	23.7
Dental products	38.1 mm	44.5 mm	14.4
Underwear	35.3 mm	40.2 mm	12.2
Laundry products	32.3 mm	29.0 mm	+11.4
Pet foods	30.3 mm	35.7 mm	15.1
Coffee, tea & cocoa	27.0 mm	28.0 mm	3.6

Network executives also claim Olympics billings accounted for declines in several key prime categories and advertisers. Restaurant/drive-ins, for instance, was off 14.6% to \$313.8 million, as was the category leader, McDonald’s, which reduced its 1988 prime budget by 9.6% to \$128.6 million. However, McDonald’s also was a big Olympics advertiser.

While other prime categories, including candy & gum (-7.3% to \$112.5 million) and headache remedies (-20.2% to \$95.5 million), were also off in 1988, healthy auto increases from domestics (+11.1% to \$231.1 million) and imports (+7.3% to \$224.2 million) helped compensate. In fact, General Motors jumped ahead of Kellogg, McDonald’s, Philip Morris and Unilever to take the top prime-time advertiser position, with a 62.9% increase in the daypart to \$81.8 million in 1988.

“The surprise in prime time has been the strength of the automotive category, led by General Motors,” notes ABC general sales manager John Tiedemann. “We believe that will continue with the introduction of many new luxury models in 1989-90,” he predicts.

BETTING LINE: Barring an unusual upsurge in demand, buyers expect prime to be more moderate than in recent years, with rates rising 5%-9%.

DAYTIME

Interestingly, automotive may be a big factor in network daytime as well. Although the automotive industry has been absent from the daypart in recent years, aggressive network marketing efforts appear to be paying off. Several imports, including Hyundai, Subaru and Yugo, have been testing the daytime waters, and Detroit is said to be considering an upfront commitment.

This would be welcome news for salesmen, who have seen steep discounting on rates over the past couple of seasons due to waning demand from advertisers shifting money into fringe dayparts or cable and syndication.

As a result, network daytime revenues declined 7.8% in 1988 to \$1.219

TOP 10 CATEGORIES

	1988	1987	% Change
Cereals	\$22.8 mm	\$16.3 mm	+39.9
Coffee, tea & cocoa	19.8 mm	14.0 mm	+41.4
Dental	13.1 mm	12.1 mm	+8.3
Cold remedies	8.3 mm	10.5 mm	-21.0
Furniture	7.6 mm	5.2 mm	+46.2
Headache remedies	6.9 mm	7.1 mm	-2.8
Juices	6.6 mm	7.4 mm	-10.8
Media	6.2 mm	3.9 mm	+59.0
Dairy	4.4 mm	3.9 mm	+12.8
Prepared foods	4.1 mm	4.6 mm	-10.9

billion. Only two of the top ten daytime categories (candy & gum, +5.0% to \$40.1 million, and laundry products, +11.4% to \$32.3 million) increased spending in 1988, and only three of the top ten clients (Philip Morris, +13.7% to \$49.9 million; Quaker Oats, +5.2% to \$36.4 million; and Nestlé, +9.5% to \$25.4 million) were up.

The good news for daytime buyers, however, is that prices have fallen so low that it has reached parity with alternatives like cable and syndication and has become a relative bargain. "After two successive years of market adjustment downward, *Consumer Reports* would call daytime a 'Best Buy,'" says CBS senior vice president Jerry Dominus. Saatchi's Conner agrees. "There is no reason not to buy daytime — it is strictly a perception problem. It is a bargain daypart at this point."

BETTING LINE: Daytime's relative economy makes it the place to shift budgets if other dayparts rise too high. Rates will increase slightly in the low single digits.

EARLY MORNING

In their search for working women, advertisers have shifted daytime dollars to early morning to the point where early-morning costs have now surpassed daytime, and many buyers believe it is due for a correction. "For a long time, people had looked at early morning as being a cost advantage over daytime, and that's no longer the case," explains BBDO director of national tv buying Steve Grubbs. "All of a sudden daytime is cheaper than early morning, and the networks may have internal competition with one daypart cannibalizing on the other."

Early morning is a relatively small daypart, however, and it doesn't take much demand to push rates up. Dramatically increased demand from categories like cereals (+39.9% to \$22.8 million), coffee/tea (+41.4% to \$19.8 million), furniture (+46.2% to \$7.6 million) and media (+59.0% to \$6.2 million) have made it a healthy daypart indeed.

BETTING LINE: +6%-10%.

TOP 10 CLIENTS

	1988	1987	% Change
Anheuser-Busch	\$15.7 mm	\$19.2 mm	-18.2%
Bristol-Myers	15.5 mm	16.9 mm	-8.3%
Philip Morris	13.2 mm	25.6 mm	-48.4%
AT&T	12.9 mm	9.9 mm	+30.3%
Ralston Purina	12.6 mm	7.8 mm	+61.5%
Quaker Oats	11.2 mm	8.3 mm	+34.9%
Procter & Gamble	11.1 mm	10.8 mm	+2.8%
Grand Metropolitan	10.8 mm	14.5 mm	-25.5%
RJR Nabisco	10.7 mm	15.9 mm	-32.7%
General Motors	10.4 mm	8.6 mm	+20.9%

LATENIGHT

Due to increased demand from advertisers seeking young, urban viewers — particularly on NBC's coveted schedule — latenight has become one of the most inflationary network dayparts. Although the beer & ale category was off in 1988 (-35.5% to \$22.2 million), increases from imported cars (+64.7% to \$24.7 million) and movies (+54.9% to \$18.9 million), among others, have compensated. However, the expansion of latenight inventory, especially with the addition of CBS' *Pat Sajak Show* and Paramount's *Arsenio Hall Show* may, in fact, ease demand.

"It's become a much more competitive situation with the introduction of *Arsenio* and *Sajak*," observes O&M's Greenberg. "I don't know that NBC can continue to deal as a monopoly in that environment."

BETTING LINE: +7%-10% increases.

NEWS

As another small daypart that has been experiencing strong demand, cereals

TOP 10 CLIENTS

	1988	1987	% Change
Kellogg	\$52.3 mm	\$33.6 mm	+55.7%
Am. Home Products	30.3 mm	26.9 mm	+12.6%
General Mills	29.5 mm	18.9 mm	+56.1%
AT&T	27.3 mm	14.1 mm	+93.6%
General Motors	25.7 mm	24.0 mm	+7.1%
Johnson & Johnson	22.7 mm	19.1 mm	+18.9%
Bristol-Myers	20.0 mm	13.7 mm	+46.0%
Ford	19.4 mm	13.0 mm	+49.2%
Eastman Kodak	19.4 mm	18.3 mm	+6.0%
RJR Nabisco	19.1 mm	21.9 mm	-12.8%

TOP 10 CATEGORIES

	1988	1987	% Change
Imported cars	\$24.7 mm	\$15.0 mm	+64.7%
Beer & Ale	22.2 mm	34.4 mm	-35.5%
Candy & Gum	19.2 mm	18.8 mm	+2.1%
Movies	18.9 mm	12.2 mm	+54.9%
Restaurant/drive-ins	18.3 mm	23.0 mm	-20.4%
Small appliances	13.5 mm	10.9 mm	+23.9%
Domestic cars	13.3 mm	12.0 mm	+10.8%
Cereals	12.8 mm	8.9 mm	+43.8%
Cold remedies	11.5 mm	9.4 mm	+22.3%
Financial services	9.5 mm	5.2 mm	+82.7%

"It's become much more competitive with the introduction of *Arsenio* and *Sajak*."

Alice Greenberg
Director of national tv
& programming,
Ogilvy & Mather



LATE NIGHT

(+36.4% to \$87.7 million), domestic cars (+24.3% to \$43.5 million) and communications (+209.5% to \$13.0 million) have helped push news CPMs up high. "A lot of advertisers want to be in informational programming," notes Campbell-Mithun-Esty media director Thomas Winner. "It's not just corporate advertisers [+29.5% to \$40.8 million]," he says. "It's anybody who has facts in their commercials. So, news has been quite strong."

BETTING LINE: +7%-10% increases. ■

NEWS

"A lot of advertisers want to be in informational programming."

Thomas Winner
Media director,
Campbell-Mithun-Esty



TOP 10 CATEGORIES

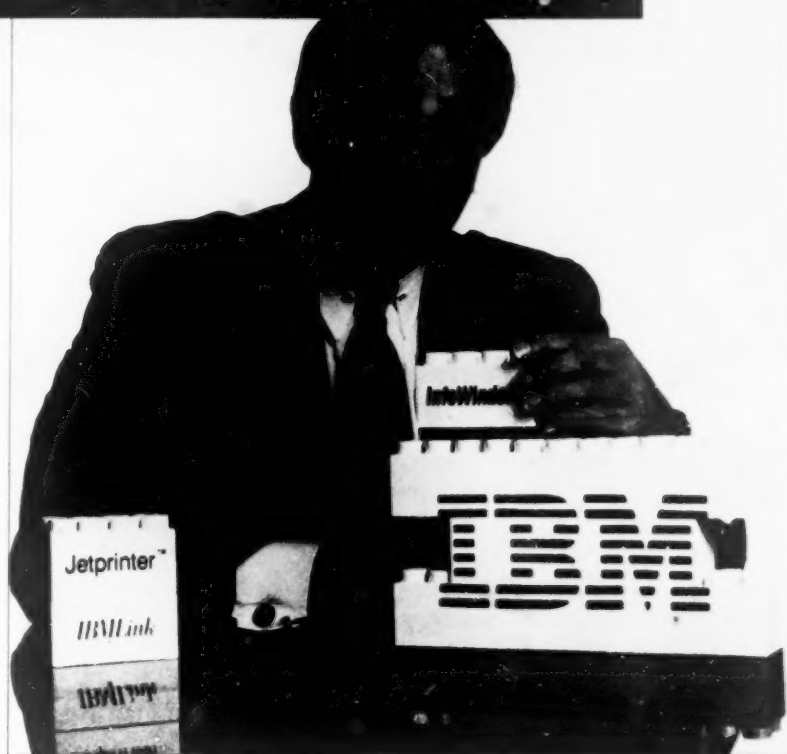
	1988	1987	% Change
Cereals	\$87.7 mm	\$64.3 mm	+36.4%
Headache remedies	49.2 mm	45.1 mm	+9.1%
Domestic cars	43.5 mm	35.0 mm	+24.3%
Institutional/corp.	40.8 mm	31.5 mm	+29.5%
Digestive aids	22.8 mm	23.6 mm	-3.1%
Imported cars	21.0 mm	32.5 mm	-35.4%
Dental products	17.9 mm	21.0 mm	-14.8%
Cold remedies	15.6 mm	14.7 mm	+6.1%
Communications	13.0 mm	4.2 mm	+209.5%
Laxatives	13.0 mm	14.7 mm	-11.6%

IBM'S BRAND STAND

SPECIAL REPORT

Big Blue is adding brand-name positioning to its product and service sell.

by David Kalish



ADAM CHINITZ

Inside a small group of offices at the Armonk, N.Y., headquarters of International Business Machines, a very major change is getting underway. After years of identifying its products with often incomprehensible and passionless letter-number combinations, Big Blue swears it has seen the error of its ways. Branding — the marketing of its products under catchy, descriptive names — is the way IBM wants to go. Not only does IBM say it is now a believer in branding and the halo it can bestow upon entire product lines, but it is using the tactic as the cornerstone of a new marketing strategy that will

emphasize its sensitivity to customers' requirements.

"We found ourselves dumping things on customers that didn't really address their needs," admits Marty Smith, IBM's manager of naming strategy for its U.S. Marketing and Services unit. "We are doing everything we can to become more marketing-driven."

As a first step in that process, eight employees now spend their days brainstorming and condensing complex jargon into two words or less. The centralized naming unit, which started up 22 months ago as part of the larger effort to overhaul IBM's gray image, has already made itself felt. A new,

Smith says brand names fit IBM's marketing game plan.

touch-sensitive screen has been dubbed InfoWindow, a desktop image-capturing device is now called PageScanner and IBM Link is the moniker for the company's customer-service arm. If the products' engineers had had their way (which they did in the past), these new endeavors would be known as the 4055 Display Unit, the 3119DICB and the INFO/MVS.

The new brand names will be a major weapon in IBM's struggle to ward off the "clones" that are increasingly nipping at its market share. Last year

the \$59.7 billion company weighed in with sluggish earnings and a 1.8% drop in its share of the personal computer market. Dataquest figures IBM's 1988 PC market share slumped to 27.9%, its third consecutive fall since 1985, when its share was 41%.

Observers blame much of the lost sales on an unfocused IBM marketing strategy that made buyers susceptible to the lure of inexpensive clones. The rap is that IBM failed to rein in related products under cohesive, identifiable marketing campaigns. "The more scale you have under a particular brand name, the more efficient you become in marketing," explains John Ruf, a principal at New England Consulting Group in Westport, Conn. "With a company the size of IBM, you want some coherence of products in a particular line."

Apple Computers, for example, has come on like gangbusters these past few years, thanks in part to a readily identifiable brand image. Though it offers two distinct product groupings, the appealingly related brand names of Apple and Macintosh have made it easy for advertising to build separate personalities for each line.

Then too, IBM has been hurt by copy-cat manufacturers who borrowed acronyms similar to Big Blue's and further confused the public. IBM's naming strategy is a first-strike offensive against these offenders. Lawyers hope that distinctive names will make it easier to prove trademark infringement, a legal avenue IBM has pursued aggressively in recent years. In 1987, IBM lawyers went so far as to sue AST Research Inc. in Irvine, Calif., for using the tag "2" in ads for two memory-expansion boards for PS/2s. A U.S. court ordered AST to pull the ad.

The branding unit, which will work on all new IBM products (it's considered too risky to rename existing equipment), has a major task, says Smith. "What we're doing in branding is really a precursor to what we're doing

SPECIAL REPORT

with marketing plans," he notes. "We are writing more and more marketing plans before we launch."

The branding unit helps IBM marketing plans get off on the right foot. Branding-unit employees, each of whom is responsible for a separate category (one specializes in software programs, another in mid-range computers), communicate through electronic mail with the product's in-

THE PC PICTURE (All personal computers)

1988 Estimated				1987			
If-sold Value of Shipments by Vendors				If-sold Value of Shipments by Vendors			
	Rank	Millions of Dollars	Share		Rank	Millions of Dollars	Share
IBM	1	6,255	27.9%	IBM	1	5,491	29.7%
APPLE	2	2,732	12.2	APPLE	2	2,550	13.8
COMPAQ	3	1,862	8.3	COMPAQ	3	1,350	7.3
ZENITH	4	1,209	5.4	ZENITH	4	1,022	5.5
TANDY	5	1,125	5.0	TANDY	5	899	4.9

Source: Dataquest, April 1988

vendor to find out what market it targets. Often turning to surveys and focus groups of prospective customers to get a fix on which names work, they supplement research with summaries of magazine articles detailing similar products.

After coming up with prospective product names, the naming specialists match them against existing product names culled from data bases. If a conflict is identified, the naming unit may try to win an agreement from the name's owner or, as a last resort, try to purchase a name out-right.

The market-driven strategy goes beyond branding. IBM officials brag that eight months before announcing the new mid-range computer AS/400, they invited 100 prospective customers to check it out. "They told us what we'd done right and what we had not paid enough attention to," recalls Smith. Many people suggested that the computer offer more software programs; others wanted easier-to-use functions. The final product, introduced last summer, reflects those suggestions. Sales of the AS have been better than projected.

Yet old habits die hard. Many IBM watchers are cynical about the com-

pany's commitment to the image and branding venture. For one thing, the more distinctive generation of names is confined mostly to new IBM peripherals and services — the existing nomenclature of its computers is considered too entrenched to change. "Some of our names are still terrible," Smith acknowledges. Indeed, one could be forgiven some skepticism when it is learned that the branding center's computer system is called the 3270.PC. Scoffs an observer familiar with IBM's marketing strategy, "One of their claims is they always stay in touch with the consumer — but a lot of people would argue the reverse. [IBM] is always saying they've mended their ways."

Still, IBM does seem to be making more of an effort to at

least project the image that its products are consumer-driven. Whether by genuine belief or marketing necessity, IBM seems to understand that the type of people who purchase computers and related products has shifted dramatically.

As the high-tech revolution spread into middle-American homes, the computer market went from a domain dominated by hackers and techies to one that's saturated with more mainstream consumers — notably, small-business executives and entrepreneurs. "These people are very conscious of brands," explains Tom Mandel, senior management consultant at SRI International in Menlo Park, Calif.

IBM is in good company in reaching out to this new breed of computer user. "More and more businesses are concerned with getting names that sound like they are targeting consumers but in fact are targeting businesses," says Mike Carr, president of The Salinon Corp. in Dallas, a composing software manufacturer and branding consultancy.

IBM's new agencies — it split its account between Lintas: USA and Wells, Rich, Greene after longtime agency Lord, Geller, Federico and Einstein splintered — must meet this

changed market. IBM's ad strategy is two-pronged. The computer company traditionally has tried to pick a main issue as the fulcrum for its advertising. This year the corporate umbrella campaign, created by Wells, Rich, Greene (which also handles ads for its mid- and upper-range products), contends IBM is a more market-driven company that cares about what its customers think. And for the past two years IBM has tried to unify its product advertising strategy by relying on ads with similar-looking graphics and typefaces to peddle often distinctly different products.

Lintas handles all ads for the desktop products, including PS/2, printers, displays and typewriters. In one new campaign, the creative execution is inextricably linked with the media buy. The print campaign for the IBM PS/2 dramatizes what life would be like without the computer's "Micro Channel" hardware. The PS/2 architecture, an early brainstorm of the naming unit, allows users to run more than one program at once. "Imagine if *USA Today* had only one column," reads the headline. Not surprisingly, the ad runs in *USA Today*; the same creative approach is used for ads in the *Wall Street Journal*, *PC Week* and *Computerworld*.

With businesspeople being IBM's primary customer target, mid- and upper-range product campaigns stress print over television, with ad strategists insisting that entrepreneurs are anything but couch potatoes. The AS/400 campaign, after being launched in June with network tv, radio and print, went solely to magazines such as *Business Week* and newspapers like the *Wall Street Journal*, *New York Times* and *USA Today* in January.

A new umbrella campaign for IBM products, meanwhile, is heavily dependent on television, with IBM's fresh stress on consumers getting network play on the April episodes of *Around the World in 80 Days*. Network tv spending was \$50 million in 1988, BAR/LNA reported.

SPECIAL REPORT

Because of the switchover in agencies, IBM's ad spending took a dip as the new teams struggled to get a handle on print spending, according to one observer. IBM's consumer ad spending slumped 2.4% to \$98.7 million in 1988.

However, IBM's pursuit of the small-business consumer led it to dramatically up spending in business-to-business publications. It went from \$6

print books. With the focus on sports and network news programs, as well as on cable channels like FNN, CNN and ESPN, Compaq's tv drive is designed to build more brand awareness and to reach more broadly its 25-50-year-old male audience.

Apple increased its ad budget nearly 40% to \$44.7 million, BAR/LNA reports. A large part of that increase went toward spending on the 1988 Summer Olympics, typifying Apple's strategy of dominating big-splash events. And for the first time, Apple spending in cable surpassed IBM's in 1988. The Silicon Valley-based computer-maker doubled its cable budget to gain time on male-targeted stations like CNN and ESPN. In addition, Apple won advertising exclusivity last year on NBC ballgames and college bowl games. "You pick up copies of the *Wall Street Journal* and a very high percentage of ads are dedicated to high-tech products," says Ron Harrison, senior vice president and director of media services at BBDO in Los Angeles,



The customers' wants and needs are now addressed directly in its marketing efforts.

million to \$14.8 million in 1988, according to MMS-Rome Reports. Beneficiaries of new ads for PS/2's Micro Channel included *Computerworld* and *PC Week*. IBM by some estimates spent more on b-to-b in the last two quarters of '88 than in the preceding 12 months.

"They're continuing to say they've revamped this or changed that," says Kevin Bohren, director of corporate communications at fast-growing Compaq Computer Corporation, whose sales shot up 70% to \$2.1 billion last year. "Now they're doing a new twist — selling Micro Channel. Most people could care less what Micro Channel means." For its part, IBM insists Micro Channel, as a key feature of the PS/2, deserves the play.

The competition is fiercely fighting IBM's consumer-driven approach with its own brand of image-building. Compaq more than doubled its ad budget last year to \$17 million, according to BAR/LNA, and is putting emphasis on tv buys while reducing the number of

Apple's agency. "In tv we try to have a more dominant position."

For its part, Apple relegates the job of naming its products (relatively few compared to IBM's roughly 1,000 annual launches) to engineers and product managers. But Apple has a marketing intelligence group that checks up on how current owners are using product, exposing prospective customers to new ideas while getting their feedback. "It absolutely has influenced the type of features in a product," says Bruce Mowery, Apple director of marketing communications.

IBM's new naming unit is quickly becoming an essential part of its marketing mix. For example, one of the naming unit's newest brainstorms, "ServicePlan," is an umbrella name for 18 distinct service contract alternatives. "By giving the customer less to remember, he remembers the name," explains Smith. And that, executives hope, will give Big Blue the big break. ■

BRAND REPORT

No. 161: Domestic Wine

WINE TASTINGS

by Brian Bagot

Wine, the nectar of the gods. Through the centuries it has been woven into the fabric of societies throughout the world—except the United States, where only about 12.5% of the adult drinking population imbibes.

In the '70s, America seemed on its way to becoming a wine-consuming nation. By 1979, about 136 million

cases of table wine were sold, a 144% increase from 1970's 56 million cases, according to Frank Walters, director of research for M. Shanken Communications, publishers of alcoholic-beverage industry trades *Impact* and *Market Watch*. But after hitting 170 million cases in 1984, the thirst seemed to be quenched. With the 1988 numbers just rolling in, Walters pegs case sales at 144 million, up about 1% from 1987. Total

**DOMESTIC TABLEWINE MEDIA EXPENDITURES (000)
January-December 1988**

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	BAR Network Radio
Gallo	13,582.9	9,346.8	3,155.3	10.6	1,006.8	—	—	60.5	—	—
A. Mader	3,324.6	—	2,776.1	558.5	—	—	—	—	—	—
Paul Masson	1,707.0	357.8	978.9	46.0	—	—	262.7	61.8	—	—
Taylor California Cellars	1,488.4	79.5	644.9	26.5	—	—	—	—	—	737.5
Ingleneek	1,892.1	—	402.1	—	—	—	1,342.2	—	147.0	—
Orban	409.3	300.4	—	5.4	—	—	103.5	—	—	—
SutterHome	1,779.5	—	—	—	—	1,779.5	—	—	—	—

Sources: Broadcast Advertisers Report (BAR), Leading National Advertisers (LNA), Radio Expenditures Report (RER).
Outdoor not reported during period. No expenditures reported for Carlo Rossi, Sebastiani, Gumatra.

U.S. consumer spending on wine is about \$9-\$10 billion.

Despite the near-flat overall business, growth in domestic table wine still has producers giddy. This category, according to Walters, rose about 3% to 120 million cases. "The growth is accounted for by the varietal business," says Walters. The activity in this refined, grape-specific category

thinks advertising is not tremendously effective. "I think maybe the mass-market appeal doesn't work," he says. "The majority of wine sales are impulse buys. Usually consumers grab what they see. Most of our marketing efforts go into point-of-sale display." Nonetheless, the top-spending advertiser, Gallo is also the top-selling vintner.

John Fisher, managing director of Hembrecht & Quist, investment bankers to the beer, wine and spirits industries, sees wine as one of the most competitive consumer goods in the U.S. "Think of cosmetics," says Fisher. "There are probably 50 national cosmetics brands, and if you include regional brands, the number probably hits 300. There are more than 700 wineries in California alone, producing 2,000 labels."

Currently, there are about 20 million wine drinkers in the U.S. The core wine-drinking group tends to be college educated, aged under 50, with a household income above \$25,000 and split pretty evenly between men and women. Louis R. Gomberg, chairman of Gomberg, Fredrikson & Associates, publisher of *The Gomberg-Fredrikson Report* on the wine industry, segments these drinkers three ways: elitists, semi-elitists and wine lovers. He estimates that these groups consume about 75% to 80% of the table wine in the U.S. Women, he says, hold the edge over men as purchasers, noting that in about half the states, grocery stores are permitted to sell wine.

Surprisingly, drinkers are not brand loyalists. Martin & Martin Information Consultants, Austin, Texas, shows via its survey of 2,000 randomly selected households that, in terms of loyalty to favorite brand, 46.9% sometimes switch, 34.3% often switch and only 5.6% said they never switch. "The tendency is to enjoy popular-priced wines everyday, whereas on special occasions with visitors or on a trip, they tend to emphasize premium-priced wines," explains Gomberg.

Although tastes are changing, white wine continues to give red a licking, with about a 70% share of the table wine market, according to Gomberg. If rosé is included with white, total market share reaches about 85%. These numbers are supported by Martin &

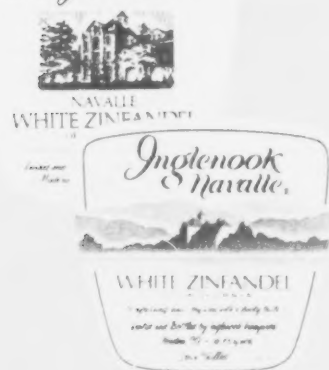
Martin, which reports that 37.1% often consume domestic white table wine, 15.4% red, 9.6% rosé and 9.2% opt for blush.

As a segment of the total wine market, table wine breaks out into several categories. At the jug or generic end, where wines are mixed from several different grapes and retail for under \$3 for 750 ml., business has been dropping precipitously at about 5%-to-10% a year over the last several years.

This has just about every generic wine producer entering a contender in the fighting varietal category — \$3-\$7 for 750 ml. — where the big boost has come from the blush wines like White Zinfandel, which has about 28% of the varietal market, according to Walters. This move goes beyond upgrading the wine for several producers. A new image has to be created, so as Chardonnay and Cabernet wines are introduced by wineries synonymous with jugs, labels and packaging have become two of the most important elements in the introductions.

Other segments seeing activity pick up are the super premiums at \$7-\$14 a 750 ml. bottle, and ultra premiums at

Inglenook



Redesigned labels are helping brands stand out on the shelf.

can be traced to the developing sophistication of consumer tastes. As the saying goes, they're drinking less, but drinking better. Vintners are responding to this demand by pouring more resources into varietals and premiums as they move out of the lower-end generic, or jug-wine, business.

All the excitement in the varietal segment has made it highly competitive, and wineries are aggressively using promotions such as rebates or simply underpricing competitors to grab consumers. Margins, therefore, are reduced, making advertising, both print and broadcast, almost an afterthought. Overall, leader Gallo outspent its closest rival about 4:1 in 1988, to total a modest \$13.6 million, according to Leading National Advertisers. The majority of wine ad dollars find their way into broadcast or cable; Media Records, for example, shows wine advertising in newspapers fell 31.6% to barely more than \$4 million last year compared with 1987.

Robert Carroll, vice president of marketing for Sebastiani Vineyards,

Advertising's a luxury as wines battle with price and P-O-P.



\$14 and up per 750 ml. bottle. But there are some sour grapes in this segment. As raw-material costs go up, top-selling varietal grapes are running \$1,000 to \$2,000 a ton, and wineries are pressed to pass the increases along to consumers, who are beginning to resist.

American wine drinkers still prefer to drink at home, with the bulk of consumer retail spending going to off-premise sales, which rose 3.3% to \$7.4

billion, while on-premise spending fell 0.6% to \$5.2 billion last year, according to *Jobson's Handbook Advance*. This gave total consumer retail spending on wine a 1.7% increase to \$12.6 billion in 1988. Off-premise sales include supermarkets and other retail stores, while on-premise includes bars and restaurants.

In their efforts to invite new customers, producers are treading a fine line. They are attempting to remove the perceived snobbery associated with buying a bottle of wine, and at the same time they have to keep some of the mystique in one of the world's oldest beverages.

Gomberg, meanwhile, thinks the wine industry should be more aware of the intimidating atmosphere that has developed as a result "of promoting brand names that are unpronounceable and characteristics that to non-wine users are virtually unknown." He continues that the mass market does not feel comfortable with wine. "Most Americans are not oriented and conditioned to understand a product called wine. In contrast there's not an Italian alive who doesn't understand a product

There's a danger in taking the mystique out of wine — the image is part of the sell.



called vino," he explains.

Alex Morgan, director of marketing for Sutter Home, says the whole focus of his company's strategy is to tell consumers that it's okay not to understand the nuances of wine. "What does matter is, if it's a decent value and you like it, it's a good bottle of wine. We're in the beverage business, not just the wine business," he stresses.

The top-selling domestic table wine brand names based on Walters' 1987

case-sale estimates (1988 figures not yet available) are Carlo Rossi (16 million cases); Gallo (15 million); Almaden (9 million); Inglenook (8 million); and Paul Masson (6 million). Also included are Taylor California Cellars, Sebastiani, Cribari, Sutter Home and Giumarra. Following are details of these vintners' positions in the changing wine market.

Carlo Rossi

Carlo Rossi is the economy-priced brand, about \$4 for four liters, with about 16 million case sales in 1987, according to Walters. It was started by E & J Gallo Winery to fill a gap created by wineries and bottlers closing or moving up to the popularly priced category, and Rossi now dominates its segment. But wine watchers think E & J Gallo, the overall number-one winery with a 40% share of total California wine shipments, has been gradually shifting emphasis from the highly cost-competitive economy category to its popularly priced Gallo brands. "There has been some upward shift from economy to the popular-priced category — Gallo Hearty Burgundy and Gallo Pink Chablis," notes Gomberg of Gomberg, Fredrikson.

Ken Potrock, vice president of marketing for Vintners International, agrees and thinks Carlo Rossi is going to have a tough time as the market trades up. "Carlo Rossi, with its image as a cheap jug, is going to be hit with declines. But this is okay for Gallo, which will really milk the brand and not spend anything on promoting it. They'll just do their best to maintain volume and enter other categories."

Gallo

Gallo is the nation's second-leading table wine brand, again from E & J Gallo Winery. Its generic table wine sales were about 15 million cases in 1987, according to Walters. It's a competitive brute, with a reputation for muscling into and taking over markets with what industry watchers describe as the sharpest marketing strategy in the business — a strategy the company refuses to discuss with the press or anyone else.

But observers have put their finger on some of its strategies, which includes playing a really tight price

game. As Charles Martin of Martin & Martin puts it, "The entire pricing structure is based on Gallo's pricing."

Gallo has about a half dozen divisions, each responsible for different slices of the whole marketing pie. These include a strategic division for opening new markets, planning strategies for overcoming competition and improving quality control.

One industry observer says the wi-

Too much mystery, however, may be turning away the untapped drinking public.



nery "excels in marketing disciplines. Where competition threatens to come in, they immediately go to work on it. They have the money, manpower, capability and desire to excel."

Hambrecht & Quist's Fisher views Gallo as the premier marketer in the wine industry. "They spend heavily on marketing, with great effect. People who spend time at Gallo are the most sophisticated marketers in the industry."

"Gallo comes into the market, identifies the group it wants to hit and pumps in a lot of money," adds Martin. "The wine becomes a hit, and they walk away. But as sales gradually fade, they pump in more money and if it doesn't sell, they drop it."

But the wine market is changing, and the king of the jugs is finding it a little harder to get into the fighting varietal and other premium markets. Gallo has entered the fighting varietal segment with its The Wine Cellars of Ernest & Julio Gallo label, but the competition is not ready to throw in the towel. Rather, it's going head to head on price as well as developing creative value-added promotions.

One element that helped bring the

company to the top — the Gallo name — may be a handicap. The brand has been established as the primary source for moderate and popularly priced wines, under \$3 for 750 ml., and consumers appear to be reluctant to spend \$4 on a bottle they perceive as cheap.

The winery may have recognized this when it introduced its Wm. Wycliffe fighting varietal label to target the on-premise business, noting that finer restaurants may be reluctant to put a brand with a reputation as a popularly priced jug wine on their wine lists.

Almost all of Gallo's ad dollars are in broadcast, according to LNA. Besides token amounts in cable and newspapers, some 68% of the budget went to network efforts in 1988, while another 23% went to spot tv.

Almaden

Almaden, a Heublein operation recognized for its tear-shaped jugs, recently introduced a line of five premium wines under the Almaden Blossom Hill name. These include Chardonnay, Cabernet Sauvignon, White Zinfandel, Sauvignon Blanc and Gamay Beaujolais. "They appeal to the basic wine consumer, who is not a wine expert but an everyday consumer," says Mike Jacobson, Almaden's director of marketing. "These wines do not require an education in wine tasting to enjoy."

The Blossom Hill collection is supported with a full line of promotional material and a radio campaign with the theme, "The wine you don't have to learn to love." Packaged in 1.5 liter magnum bottles, a departure from the Almaden jug, the line is price competitive with Sebastiani at \$4.99 to \$5.99, depending on the market.

From a promotional standpoint, heavy emphasis is placed on "semi-permanent" display materials like wooden bins. "We're looking for materials that serve to be permanent and decorative pieces in the wine section of the stores," Jacobson states. Almaden is also being emphasized for on-premise consumption with on-premise materials like acrylic table card holders with changeable cards. The cards provide descriptions of the different wines and duplicate the bottle labels. About 9 million cases of Almaden table wine were moved in 1987, according to

Shanken's Frank Walters.

Inglénook

Noting the expansion of the premium category and the strength of its position as number three in the sub-premium varietal segment, Inglénook entered a line into the upper-tier and contemporized its packaging by adding more color so it would "jump off the shelf." In January the specific wine types were added to the brand, which include a Sauvignon Blanc and Gamay Beaujolais, giving it a presence in the upper and lower tiers of the varietal segment. A White Zinfandel was added to the line in 1987. Inglénook sold about 8 million cases in 1987, according to Walters.

With a price war raging, Heublein, parent of Inglénook, decided to take an alternate route with value-added promotions. Last year it offered two different types of flower seeds on neck hangers "so consumers got something gratis instead of the usual refund," notes Joanne White, marketing director for imported and domestic wines at Heublein. A calendar/datebook is another value-added promotion used early this year. In the book, one or two wines are featured each month and the tastes and differences are explained. "We want to give more than just price promotions," says White.

Supporting the promotion efforts is a national print campaign, combined with local print in key marketing areas targeting that group of college edu-

cated, upper-income baby boomers. National print ads are running in *People*, *Bon Appetit*, *Newsweek*, *Us*, *Money*, *Savvy* and *Food & Wine*.

Paul Masson

Paul Masson is still selling no wine before its time. But parent Vintners International thinks the time has come to step up the brand, which is firmly entrenched in the jug segment with an estimated 6 million case sales in 1987. Ken Potrock, vice president of marketing for Vintners International, which acquired the brand from Seagram about two years ago, says that to succeed, you have to "go where the action is." And that's just where Vintners is taking its flagship brand with a new Masson Vineyards collection of vintage premium varietals.

This line competes with Mondavi and Beringer in the 750 ml. bottle at \$8-\$9. Introduced last year with of a \$1.5 million print ad budget and tasteful packaging, the company moves about 700,000 cases a year.

The print theme, running in *Bon Appetit*, *Time* and *People*, as well as trade books like *Market Watch*, *The Wine Spectator* and *Hotels & Restaurants International*, is, "Before we raised the glass, we raised a standard." The key here, according to Potrock, is, "People know they are trading up, and we are taking the brand up."

Masson also entered a line into the battle of the varietals with Paul Masson Vintners Selection in 1.5 liter size.

Before we raised a glass,
we raised a standard.

PRESENTING:

MASSON VINTNERS SELECTION

A COLLECTION OF VINTAGE - CABERNET SAUVIGNON - CHARDONNAY - SAUVIGNON BLANC - CABERNET BLANC - MERLOT - COUNTY, CALIFORNIA

Masson, a jug leader, has decided to "go where the action is" to achieve growth — upscale varietals.

Priced at \$4.99 to \$5.99, the line is made up of the popular varietals including Chardonnay, White Zinfandel and Cabernet Sauvignon.

Paul Masson Vintners Select gets the bulk of the merchandising support, which includes point-of-sale materials, sweepstakes and a refund offer. The company is "making a concerted effort to orchestrate a full range of exciting promotions targeted to help move Paul Masson Vintners Selection varietal wines center stage for consumers."

Through its Music in the Vineyards summer concert series, says Potrock, "We're trying to position the wines with the arts. Within the category, there's nobody else with this niche." A consumer sweepstakes highlights the concert promotional effort. Five grand-prize winners receive a trip for two to the winery in Saratoga, Calif., and have dinner with performers like Mel Torme, Roberta Flack and Kenny Loggins. The performers' audiences match Masson's target group of college educated 25-45-year-olds in the upscale market.

The media mix for advertising has not yet been settled, but Potrock says the company is leaning toward print. Out of the \$4-\$5 million budget, which includes promotions, more than 50% will go to the Vintners Select wines.

Taylor California Cellars

Taylor California Cellars, another division of Vintners with about 5 million table wine case sales in 1987, according to Walters, was also a volume leader in the jug category. But as a relative newcomer, it was not as entrenched as centenarian Paul Masson.

After the brand was sold by Coca-Cola to Seagram in the early '80s, it lost some of its luster. But Vintners, which took it off of Seagram's hands about two years ago, recognizes the brand's position as an everyday table wine and is developing an image for Taylor California Cellars as having, "The taste that's right at home."

Although Masson receives most of Vintners' attention, Taylor California Cellars has been expanded to also tap into the 25-45-year-old, \$35,000-plus annual income household with a line of varietals. "The brand is undergoing some changes, and we're trying to create an identity with spot and national

tv and radio emphasizing the California laidback style," explains Potrock. Popster Michael Bolton sings the "Right at Home" score for the tv flights, while the radio ads for its new Chablis with a Twist jingles to Chubby Checker's "Twist."

"We try to develop a personality for the brand to make the brand appealing with the right packaging, ad campaigns and location in the store where consumers bang into it with their shopping carts," explains Potrock.

The line has been repackaged and three new products, Chablis with a Twist, three-liter White Zinfandel and a four-liter Wine on Tap, have expanded the line in the mid-priced category.

The media mix for the rest of the year is currently under consideration. "We're investment spending to build the brands," says Potrock. "It takes more money to do it right, and our competitors are very well entrenched. We spend millions on ads to create an awareness and good image for the brands."

Sebastiani

Instead of trying to answer the big question of how to capture non-wine drinkers, Sebastiani is focusing its efforts on converting current wine drinkers from jugs to its varietal labels, which include August Sebastiani Country Wine and August Sebastiani Proprietor. "We're seeing continued erosion of the generic table-wine sales at the same time people are increasingly being drawn to the varietals,"



Sebastiani's 1.5 liter bottles have made them a varietal hit.

says Robert Carroll, vice president of marketing for Sebastiani Vineyards. "We're trying to exploit the trend."

Sebastiani has carved a fairly unique niche over the past six to seven years by packaging varietals in 1.5 liter bottles and aggressive pricing in the \$5.99 to \$7.99 range, which opened a new category in that size. And the competition here is getting hot, says Carroll. So, in an effort to stand out on the shelf, Sebastiani is offering its 1.5 liter size in custom tapered bottles.

The winery does very little advertising, according to Carroll, who adds it has chosen to devote its resources to merchandising as margins get tighter. However, an in-house campaign does run in the *Wine Spectator*.

Labeling is a critical aspect of Sebastiani's game plan to lure the 25-45-year-old wine drinker, particularly since the thinking at the winery is it's the package that gets the consumer to pick up the bottle. "We're looking at a consumer who knows something about wine but is facing a wide range of products and doesn't really know what to buy. The package is what gets the person to pick up the bottle."

Sebastiani had about 4 million table-wine case sales last year, but was number one in varietal sales with 9% of the market, according to Walters.

Cribari

Cribari, owned by Guild Wineries, is taking an aggressive pricing stance in the 1.5 liter varietal category in its effort to capture those current and future wine drinkers, 25-45 with a \$35K+ household income. "The difference between our wines and the competition is that ours are about \$1.50 to \$2 less," says Mike Friedman, marketing manager.

Since the company is a vertical operation, more than 300 grape growers make up the ownership of Guild, so it's less vulnerable to raw material price changes. Still, when White Zinfandel took off, the company was squeezed because not many of its growers produce Zinfandel grapes.

There was also a problem of taking the Cribari brand into the varietal and premium market because of the perception that generic producers are unable to provide the attention needed to produce quality wine. But Cribari is



While class is the name of the varietal game, Cribari hopes convenience will support its jug entries.

depending on its upgraded packaging and point-of-sale materials to change the perception of current wine drinkers as well as lure its share of non-wine drinkers.

Recognizing that promotions provide the extra octane in a price driven market, the bulk of Cribari's marketing efforts this year are going into point of sale. Part of the strategy is publication of a free recipe booklet coupling wine and easy-to-prepare dishes that's featured on the case card.

Cribari's strategy in the varietal market has proved successful. Four years ago, the company was selling about 70,000 cases a year, while this year Friedman projects sales of about 600,000 cases. Walters pegs 1987 total table wine sales of Cribari at about 3 million cases.

In the jug business, Cribari has introduced an easy-pour winepack to maintain its volume here. The package is a 1.5 liter milkcarton-like container with a resealable screw spout.

Cribari has no plans for print or broadcast this year because it wants to hold the line on its pricing in a segment of the market that is extremely price sensitive. Its Cribari Varietals are priced at or below Sebastiani's line by 50¢ to \$1.00 on several items.

Network television support, which ran through November and December last year, included flights on sporting events such as NCAA and NFL football and NCAA basketball, as well as *CBS This Morning* and NBC's *Today Show*.

Sutter Home

Recognizing that some of the snobbery associated with the wine industry is keeping many potential consumers away, Sutter Home is taking the stance that it's in the beverage business as well as the wine business. It's attempting to tap into non-wine drinkers by projecting a premium, but not pretentious image. "Our Cabernet does not need seven years of cellaring," says Alex Morgan, director of marketing for Sutter Home. "It's done in a soft, easy style. This is a big part of our departure from the other brands, and we've been able to expand our market beyond current wine drinkers."

Morgan points out that it's important to maintain some mystique and tradition in wine, and the Sutter Home collection includes 750 ml. bottles of Cabernet Sauvignon, red and white Zinfandels, Sauvignon Blanc and Muscat Alexandria. Here, its primary competition comes from Beringer, Glen Ellen, Napa Ridge and Fetzer, right in the middle of the fighting varietal category at \$3-\$7 a bottle.

Radio is the only advertising media used, which hits 24 major markets around the country, except New York, which Morgan says is flooded with imports and more interested in higher-end brands. The target audience is the 25-to-49-year-old segment that is "mobile, active and upscale." The type of stations used to carry the broadcasts are album-oriented rock, some jazz and country. Chiat/Day is the agency.

As the varietal market continues to be a price slugfest, Sutter Home has held the line and has not raised prices in seven years, according to Morgan. He explains that this is part of the winery's long-term strategy. Sutter Home has recently acquired more than 400,000 acres of vineyard land, which it expects to supply 50% of its annual grape needs, turning the operation more vertical and less susceptible to rising grape prices. "We hope to hold our prices for another one or two years until our vineyards come on production," says Morgan.

Its total table wine sales in 1987 were about three million cases, but it was ranked number two in the varietal segment, with about 8% of the market, according to Walters.

Giumarra

In general, the winery is doing better than last year despite some profit squeezing. And what has helped the winery in particular is the introduction of a three-liter bag-in-box. Most other packages of this type run between four and six liters. "We broke with the three-litre size so as not to repeat what the others in the market are doing," explains Karl Thielscher, director of marketing and sales for Giumarra Winery.

In addition to its introduction of bag-in-box, Giumarra has concentrated much of its efforts in the on-premise segment of the business. He explains that going this route is less man-power intensive, as well as less advertising intensive. "Since margins are short and getting shorter, we felt we could reduce advertising and man-power commitments by concentrating on on-premise business. We were doing a fairly significant amount of advertising until about three years ago, when the market got tight and the mergers and acquisitions took place."

For the on-premise segment, the company has helped pioneer disposable kegs of wine in 30- to 60-liter sizes, which are really giant bag-in-boxes for the on-premise market. By being disposable, they help create a more efficient distribution system since the kegs don't have to be returned for refills. The keg concept is also a labor-saving one since bartenders don't have to open and close bottles. ■



BRAND REPORT INDEX

DOMESTIC WINES

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

DOMESTIC DINNER AND TABLE WINE



KEY DEMOGRAPHICS: DOMESTIC WINES HEAVY USERS

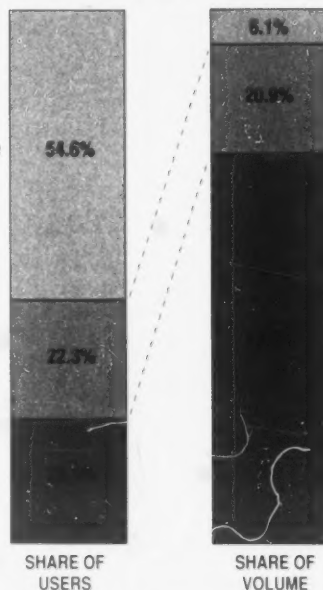


DOMESTIC WINE VOLUMETRICS: SHARE OF USERS vs. SHARE OF VOLUME

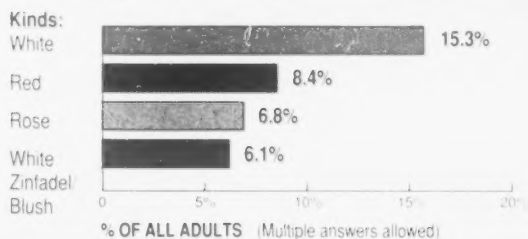
Light Users-
One glass (1) or none in last seven days

Medium Users-
Two glasses (2)-three glasses (3) in last seven days

Heavy Users-
Four glasses (4) or more in last seven days

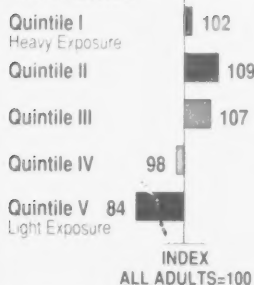


KINDS OF DOMESTIC WINES CONSUMED

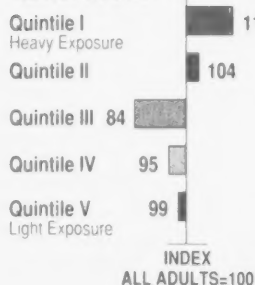


MEDIA EXPOSURE: DOMESTIC WINE HEAVY USERS

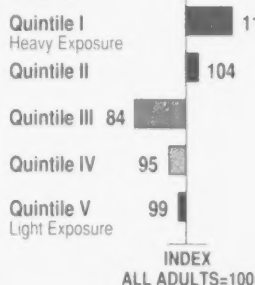
MAGAZINES



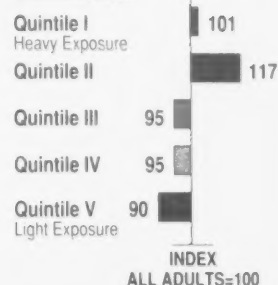
NEWSPAPERS



RADIO



TELEVISION



Source: Mediarmark Research Spring 1988

POINT/COUNTERPOINT/

MEDIA'S PACKAGED GOODS

THE EXTRA EDGE

Planning media strategies is an ongoing endeavor and one in which an edge is most important. It's the buying advantage that can make the unaffordable affordable; the questionable positive; the average plan a superior one.

In many circumstances a multimedia plan might be preferred because different media achieve their greatest concentration among varying segments of any given market, making single media use less effective when reach is a primary concern. The Simmons Imperative concept was most explicit in defining the heavy viewer light reader and heavy reader light viewer segments while demonstrating how each represents a substantial percentage of the total population. But while a multimedia plan may be the preferred choice for its broader reach capabilities, it frequently is not an affordable option. A multimedia package opportunity could make the difference.

Of course the basic criteria of target delivery and efficiency must still receive upfront screening. And the appropriateness of the media involved should track with the overall objectives of the marketing plan, together with the strategy driving the creative execution. But once these conditions have been clarified and deemed satisfactory, further investigation of the package opportunities very often reveal the buying "edge" needed.

We can theorize that the value-added buying philosophy, most prevalent today in the print arena, can trace its parentage to the need for more efficient buying and the belief that rate negotiation is the primary means to this end. While in many instances negotiation has taken the form of special discounts and incentives, additional merchandising opportunities and premium-position offers, among others, those communications companies in a posi-

tion to do so have taken a further step into the value-added marketplace with the multimedia package concept.

This seller's package is perceived by many to provide greater potential value to the seller than the buyer, an observation that may be true. There is a competitive advantage in being able to offer a multimedia buy: potentially lower costs, a single sales contract, minimized traffic and billing procedures.

It is incumbent upon the buyer, however, after thorough review and evaluation, to determine where the better advantage lies and proceed accordingly. Aside from the more obvious details of cost and the matching of media to targets, the key element of advantage the buyer/planner needs is flexibility.

In this context, flexibility and customizing are synonymous. While the cost may be "fixed" at varying levels of participation, the ability of the planner/buyer to customize packages as dictated by the objectives of individual plans is a decided advantage that, if used properly, can result in value-added being more than just an over-worked phrase.

Although customizing is certainly not unique to the multimedia package, being able to adjust media units within a three- or four-media plan and conduct further negotiations on pricing, position and merchandising with a single sales contact is unique and represents the buyer/planner's primary edge.

In the end, multimedia packaging offers a number of opportunities.

- It can provide cost efficiencies beyond those in single-medium purchases.
- It presents the opportunity to use

additional media segments that might otherwise have been viewed as either not applicable or not affordable.

- It forces the exploration of media types not considered in the past and may result in new perspectives gained

for current and future application.

- It makes available certain inter-media scheduling and tie-in opportunities that would be difficult if not impossible to attain through individual media negotiations while maintaining efficiency goals.

- In most cases it will add reach to a plan without sacrificing either frequency or efficiency in the process.

This is what multimedia packaging is all about and what makes it a viable tool for providing the edge we need to give clients outstanding media performance in schedules for their products and services.

Don Clow is vice president and media director for print with Cramer-Krasselt Advertising & Public Relations, Milwaukee, Wisc.



OUR READERS TELL US...

A majority of the agency readers polled by Research USA, Chicago, see the value in multimedia package buys, but a minority have actually taken advantage of them. (Base = 92, unless otherwise indicated)

1. Media companies have been putting together an increasing number of multimedia package buys, such as magazine pages matched with spot tv or cable. Do you see multimedia package buys as an effective way to place advertising?

Yes	71.7%
No	23.9%

TO LESS EFFECT

Conceptually, multimedia packages are great. The reality depends on how they are executed. Rule number one: Never buy into a package program which you would not purchase as a stand-alone. Unfortunately, there is a tendency to package media that are not moving on their own to increase demand.

Cost-per-thousand efficiency has become the industry standard with which to measure media effectiveness. Indeed, for mass marketers, efficiency and effectiveness might be considered synonymous. As a planner buyer for primarily business-to-business accounts, however, most of our clients have limited advertising budgets and have elected to take more of an impact approach to build high levels of awareness among smaller, more targeted groups. Efficiency is considered, of course, but is not the most important factor in assessing the worth of the plan. The most

viable vehicles are those that deliver the target audience with the highest degree of credibility.



Sadly, there has been a weak link in most of the multimedia packages that have crossed my desk. Typically, they combine magazine advertising with a radio and/or tv (usually cable) schedule. Cross-promotion programs between print vehicles—for instance, a

consumer and a trade magazine—probably work better, as a rule, than cross-marketing of publishing and broadcast properties. Print and broadcast have very different media values, and it's hard to be an expert in both.

A bonus of tv ad time for a minimum commitment of print space may not, upon further study, be such a good deal. Usually the package is executed by buying blocks of tv and radio time and reselling them to advertisers that buy magazine space. Since the publisher is not an experienced broadcast

buyer, there is virtually no guarantee the tv/radio spot schedules purchased are cost effective. The advertiser should therefore make every attempt to learn the cost for similar announcements independent of the package program. Too often, the unsophisticated buyer ends up with schedules based on what's available rather than what is necessary to be effective.

The bottom line is that the clients' needs come first. A question the media planner should ask at the outset is: What part of the market cannot be reached with a single medium? Generally, vehicles within one media class can reach a substantial part of a market, as high as 90%. The percent of the market not covered may be worth the extra cost of a package program—however small—to reach it.

When media buying becomes a commodity, the advertiser loses. While it may represent time savings for the agency, the cost per effective contact goes up, meaning overall efficiency is reduced.

Laura Kush is the media director for Reeds Farris & Lewis Advertising & Public Relations, Los Angeles.

No answer	4.4%	Cable tv	48.1%	No answer	7.4%
		Magazines	74.1%		
2. Have you ever placed ads through a multimedia package?		Direct response	22.2%		
Yes	29.3%	Radio	55.6%	3. Since many of these buys are done directly with the clients, do you feel multimedia packages undermine the agency's role in planning media buys?	
No	70.7%	Newspapers	37.0%	Yes	54.3%
If "Yes": (Base = 27)		Outdoor	25.9%	No	40.2%
a. Where do most of your multimedia deals usually originate? (Check all that apply.)		Spot tv	3.7%	No answer	5.5%
Client	18.5%				
Agency	40.7%	c. What do you see as the advantages of using multimedia packages for placing ads? (Check all that apply.)			
Media	48.1%	Cost efficiency	25.9%		
b. Which of the following media do you most often use in your multimedia package deals? (Check all that apply.)		Added reach	74.1%	4. Do you feel that there should be changes within your firm's media department to facilitate multimedia buys?	
Broadcast tv	74.1%	Greater overall impact	74.1%	Yes	33.1%
		d. How do you usually post-buy a multimedia package?		No	56.5%
		Each piece separately	85.2%	No answer	9.8%
		As a whole	7.4%		

ECONOMIC EYE

RATINGS WINNERS

The biggest awards show so far this year was the 61st Annual Academy Awards. According to Nielsen, over 42 million Americans watched the Oscar telecast. The second-ranked American Music Awards averaged over 32 million viewers while 27 million people tuned in to the People's Choice Awards.

MAGAZINE AD SCORECARD

	Ad Pages March 1989	% change from March 1988	Dollars spent ('000)	% change from March 1988
1. Skin care, Creams, Lotions and Oils	329.65	10.4%	9,401.9	20.9%
2. Lip and Eye Beauty Products	172.87	42.7%	6,646.8	55.6%
3. Scents and Fragrances	181.89	-2.9%	5,040.7	15.4%
4. Facial Makeup Products	90.68	-31.0%	3,085.7	-38.5%
5. Prepared Dinners and Entrees (including pizzas)	36.82	-26.6%	2,248.2	-27.9%
6. Liquor	329.65	40.6%	13,948.2	51.6%
7. Cigarettes	658.03	14.8%	37,484.9	28.3%
8. Soaps and Detergents	64.84	35.7%	4,125.4	40.6%
9. Passenger Cars, Domestic	666.08	35.2%	33,893.8	46.9%
10. Passenger Cars, Imported	499.23	-15.4%	25,021.0	-11.7%

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

	1985 = 100				1988								1989			
	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change
Network TV																
Daytime	73	-22	81	-17	73	-14	146	+60	82	-16	80	-14	73	-10	77	-17
Nighttime	122	+8	110	+0.3	118	+4	118	+11	114	-9	113	-2	109	-2	122	+8
Spot TV																
Prime time	125	-4	-	-	125	-8	141	+14	128	+6	104	+3	129	+5	-	-
Daytime	93	-10	-	-	100	-14	107	+4	106	-5	102	-10	99	-6	-	-
Network radio	116	+2	102	-0.5	111	+6	112	+5	131	+8	125	+10	119	+12	158	+8
Spot radio	101	+3	-	-	-	-	105	+2	-	-	-	-	110	-3	-	-
Consumer magazines	115	+5	115	+5	114	+5	116	+6	115	+5	118	+6	119	+6	122	+6
Natl. Sunday mags	116	+13	116	+13	128	+14	130	+10	130	+10	130	+10	130	+10	129	+10
Business publications	117	+5	117	+5	117	+5	118	+6	118	+5	120	+6	120	+7	119	+2
Newspapers	124	+7	124	+7	124	+7	123	+7	124	+7	124	+7	124	+7	131	+5
Outdoor	123	+8	123	+8	123	+8	123	+8	113	-4	113	-4	113	-4	113	-4

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

MARKETING & MEDIA DECISIONS

JUNE 1987 • \$4.00

THE work is great but always late, so down the chute

Be ambitious. Work hard and speak up. Let people know where you want to go.

DRESS for success. If you don't look the part, people won't think you're smart.

VATE
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Iden.

Chutes and Ladders

To play the career game, you've got to know the rules. Media-department players share their tips on how to wind up a winner.

NEWSPAPER BRAND LEADERS

BLACK READERSHIP BUICKS

BEST AVAILABLE COPY

MARKETING & MEDIA DECISIONS

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Style, substance, politics and blind luck — all play their part in the game of career advancement within the agency media department. Unfortunately, the rules keep changing, so you have to stay alert. Here are some tips from major industry players on the latest tactics.

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As the Future of Advertising committee closes shop, the industry is gearing up to get the most from the changes the project has wrought. Publishers are feeling pressure on all their revenue segments, and the FoA's recommendations are pointing the way for them to reposition their papers in a more strategic light.

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It's a new lineup as we report the first annual figures from Media Records since their move into the Leading National Advertisers data family.

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Forty-eight categories are broken out based on national advertising spending in newspapers. Also reported are the top three advertisers in each category, plus percentages comparing 1988 spending to 1987.



THE 1988 REPORT CARD 76

Newspaper investments are broken down by class and sub-class, complete with 1988/1987 percentage comparisons and nine-media totals from Leading National Advertisers.

BRAND REPORT 162: PASTA AND SAUCE 83

Sauces are the gravy for the media in this category because that is where all the advertising is. Pastas retain a strong regional flavor, and only one brand, Creamette, comes close to national distribution.

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Gary Langstaff gets a heavy crown at Burger King; Martin Mullany goes inside for outdoor at agency Geer, DuBois; Leo Scullin takes a new direction at Young & Rubicam; and Karen Olshan digs in for BBDO.

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Samir Husni found a record number of new magazines on the newsstands and in mailboxes in 1988, but he's quick to add that only two out of every ten will still be there in 1992.

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The three television networks continue efforts to put an extra promotional spin on their sales. The people behind the new push tell what they hope to accomplish.

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Winners of this year's outdoor advertising awards find the out-of-home medium making inroads into new ad categories.



FREEZE FRAME 30

Cable's growing strength in the bidding battle for sports fare could alter the way America gets the score.

BUSINESS-TO-BUSINESS 32

Business marketers are getting glitzy with high-impact direct mail.

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CBS shops K Mart . . . Working women and daytime . . . 15s' premiums are pruned . . . JWT futurecasts.

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McCann's Bob Coen claims sales-promotion expenditures have been wildly overstated, but our own Russ Bowman defends his ground.

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The top-rated tv shows of the last two decades, our magazine category scorecard and the Media Cost Index for February 1989.

LAST WORD 128

The move overseas of many companies' R&D activities is a serious threat to American business in general and marketing in particular, says Temple's Rajan Chandran.

AS THEY SEE IT

MARKETING Bob Wells 99

Part II of an in-depth examination of branding turns the spotlight on corporate identity.

TELEVISION Don Cole 104

Changes in television call for a change in thinking regarding spot buys in affiliate prime time.

BUSINESS-TO-BUSINESS

Catherine Bendall 106

Your current customers are also your best prospects for new business when properly developed.

RESEARCH Donald Pom 109

Day-after recall research of high-priced Super Bowl spots questions the conventional thinking about the value of such events.

CABLE Doug Hochstadt 113

The wired medium's special-interest edge is examined for rough spots.

A basic, general-interest magazine
buy can reach a large segment
of the black market, says BBDO.

The implications of this
conclusion, meanwhile, have
Black-media professionals
seeing red.

It's difficult enough to create the perfect print plan. When specific ethnic markets are targeted, however, the already sensitive atmosphere gets even more charged. Just ask Doug Alligood.

In his recent report on Black readership habits, Alligood, who is vice president of special markets at BBDO, touched a nerve by pointing out that publications such as *Ebony*, *Essence* and *Jet* do not stand alone for those advertisers interested in reaching the Black consumer. His statistical report, which uses Simmons figures to compare the ethnic reach of general-interest publications with Black publications, finds some substantial coverage of the Black market by some general-interest titles. Indeed, the report concludes that the best way to reach Blacks is through selective combinations of general-interest and Black-appeal books.

Alligood's measures could affect media plans in a variety of ways. "We plan to use it as a planning tool to help gauge reach to Black households," says John Belfiore, senior vice president and director of media planning at BBDO. "We will look at the report to find out what our coverage of the Black audience is and if we need to add Black media." Belfiore also notes that planners will consider the editorial envi-

ronment even though the report examines readership on a quantitative basis only.

Still, publishers of Black magazines are upset because they are afraid that planners will use the report's finding that Black readership is high among some general-interest magazines as a way to rationalize why they aren't using Black media. They're also worried that these decisions will be based on the numbers of Blacks reached rather than the editorial environment.

The publishers of Black-appeal books claim they already have a tough time getting their message heard and

BBDO's Alligood realizes his Black readership report has caused a tempest. But he notes that "we are not beholden to anyone."

REACH VS

understood. They say the study's implied message that their publications aren't the only and most important route to the Black market can only hurt them further. "This report has done a disservice to minority media," says Clarence Smith, president of *Essence* magazine. "I reviewed the entire report, and it essentially proves that

Blacks don't live in a vacuum, that people read publications for various reasons," he adds. "But if the purpose is to look at the value of media, the report misses the point. It ought to look at how persuasive a publication is in reaching its audience."

John Johnson, chairman of the board at Johnson Publishing Co., seconds



ENVIRONMENT by Rebecca Fannin

Smith's interpretation. "Just because Blacks are reading these other publications doesn't mean they're believing them," says the founder of *Ebony*, *Jet* and *Ebony Man*. "Reaching is not selling," he argues. Contrary to Alligood's assertion that general media are more sensitive today to the Black audience, he believes the need for Black

media is growing as Blacks and Whites grow "more polarized than ever."

Black publishers' doubts are seconded at Burrell Advertising, a Black-advertising agency, by Sarah Burrell, senior vice president and general manager. "Even if you ignore the qualitative factors, you can't use general media to reach Blacks because the

numbers of Black readers aren't high enough," she says.

Ken Smikle, publisher of *Target Market News*, a new tabloid that covers minority marketing, also disagrees with the report's conclusions. "To say that Black media should be a secondary consideration . . . that's just crazy."

The report is being treated as an op-

portunity, however, at *Emerge* magazine, the Black monthly whose launch was postponed last year to this fall. The title aims to come out of the gate with a circulation of 150,000. "This report encouraged me because it showed that Blacks are looking for something more," says Everett Staten, national advertising director. "I'm not speaking negatively about the other books out there, but people need more than one or two books."

Emerge, with Time Inc. as one of its four investors, is aimed at an upscale Black readership. "We are looking to attract advertising that isn't traditionally in Black magazines, like Mercedes and BMW," says Staten.

At BBDO, Alligood is well aware of the tempest his report has created. "We are walking a fine line here, but we are not beholden to anyone," says Alligood, who based his recommendations on a special tabulation of Simmons' coverage and readership data. He concedes that BBDO could have "put more qualitative data in the report, but that the cost for additional data is high.

"People are wrong," Alligood adds, if they "look at this report and think we are trying to sabotage Black media. We're not saying that there isn't a need for minority publications," he says. "In fact, it would be ludicrous to use general media for a Black campaign. We are trying to show," he continues, "that Blacks are real people too. If a Black wants to read about golf, they are going to read *Golf Digest*, not a Black golfing magazine," says Alligood, who returned in 1984 to BBDO, where he had held media and marketing jobs for nine years to create the two-person special-markets group.

Alligood further emphasizes that his report does examine the strong relationship Black magazines have with their readership. He points out that each publication is ranked by the percentage of Black households it is reaching. On this basis, *Parade* slightly trails leader *Ebony* magazine, and other major magazines

such as *TV Guide*, *People*, *National Enquirer*, *Reader's Digest* and *Sports Illustrated* rate high, all largely as a function of their sizable circulations (see Chart I, pg. 48). An index that ranks publications according to their percentage of Black readership provides a different look. On this scoring system, *Parade*, for instance, doesn't show up on the list, and *Ebony*, *Essence* and *Jet* are the top of the list (see Chart II).

At *Parade*, publisher Carlo Vittorini says, "I wouldn't deliberately solicit" advertising specifically targeted to Blacks because it wouldn't be a cost efficient buy for the advertiser. He also believes that Black ads might have more relevance in Black publications. He further points out that if an advertiser specifically wanted to reach Blacks, *Parade* wouldn't be the best buy because of its extensive reach among non-Black households. But Vittorini acknowledges that it shouldn't be surprising that *Parade* ranks high because its readership is reflected by the number of newspapers who carry the magazine as a supplement. *Parade* is carried by newspapers in 85 of the top 100 major markets, he notes.

TV Guide isn't used much either to specifically target Blacks, according to Roger Good, New York ad manager. But because of the publication's mass circulation, sometimes it's used in combinations with Black magazines. The other way Black advertisers use *TV Guide* is by buying space in regional or local editions.

"It's clear that Blacks maintain a strong preference for Black-appeal publications," concludes Alligood, who most recently was president of Uniworld Inc., a minority-owned ad agency. Alligood notes, however, that there is a "realization that Black media cannot be all things to all Blacks." As the "proportion of Black readers of general media is increasing, general audience is becoming more responsive to the needs of Black audiences."

On that point, Alligood gets criticism too. "The general media may be using a few more Black models, but a cosmetic approach doesn't work," rebuts Smith at *Essence*. Blacks, he maintains, need specific details about the unique problems they face.

"One reason this study is such a sore point may be that reports, including one in the *Wall Street Journal* last year, have noted a slowdown in advertising to Blacks. This point, too, gets a lot of dissension. Alligood estimates that some \$350 million is spent in media targeted exclusively to Blacks. He includes Black publications and tv programs like *Soul Train* in that estimate, but excludes such shows as *Cosby*. Alligood also maintains that Black advertising has remained stagnant in the past few years, even though it rose sharply in the 1970s, because of competition for minority dollars from the Hispanic market.

Smikle says that Black media spending is \$700 million. He bases his figure from client and agency sources, and he also incorporates advertisements in network tv programs like *Cosby* that specifically target Blacks with special creative. Unlike Alligood, Smikle argues that Black-media spending is the rise. He cites increased spending by such advertisers as Chrysler, Panasonic, Pizza Hut, Kinney Shoes and Disney.

Regardless of how the figures are compiled and interpreted, publishers of Black magazines have no qualms about talking of the tall mound

Essence publisher Smith argues that Black media has special value.



SCOTT OSMAN

CHART 1: TOP 20 PUBLICATIONS BY COVERAGE OF BLACK ADULTS

	BLACK ADULTS		NON-BLACK ADULTS		TOTAL		BLACK TOTAL REACH INDEX
	RANK	COV	RANK	COV	RANK	COV	
EBONY	1	36.8%	63	0.7%	24	4.7%	778
PARADE MAGAZINE	2	35.5	1	35.7	1	35.3	100
JET	3	31.9	54	0.4	27	3.9	812
TV GUIDE	4	25.7	2	23.6	2	23.9	108
ESSENCE	5	17.4	65	0.2	45	2.1	818
PEOPLE	6	12.7	5	15.0	5	14.8	86
NATIONAL ENQUIRER	7	12.5	12	10.4	10	10.9	115
READER'S DIGEST	8	11.8	3	22.9	3	21.5	55
SPORTS ILLUSTRATED	9	10.2	11	10.8	11	10.8	94
TIME	10	9.4	7	13.7	6	13.3	70
USA WEEKEND	11	9.1	4	15.8	4	14.9	61
BETTER HOMES & GARDENS	12	8.3	8	12.9	8	12.3	68
STAR	13	7.7	21	6.0	18	6.3	122
METALS	14	7.3	16	8.2	15	8.0	91
NEWSWEEK	15	7.2	13	10.0	13	9.8	74
GOOD HOUSEKEEPING	16	6.7	9	11.9	9	11.2	60
PLAYBOY	17	6.2	23	5.1	23	5.1	120
LIFE	18	6.1	18	8.3	17	8.3	57
GO	19	5.8	30	2.1	37	2.5	232
WOMAN	20	5.5	14	9.0	12	8.5	59

ALL DATA FROM 1988 STUDY OF MEDIA & MARKETS

tain they are climbing in convincing advertisers to sign on. Although they realize that language differences make specialized advertising to the \$134 billion Hispanic market crucial, they are annoyed that there aren't more advertisers chasing the \$200 billion Black market. "If you figure that the 20.2 million Blacks over the age of 18 represent 11% of the population, they should be getting at least the same percentage of total dollars directed to them," contends Smith. But he notes that *Ebony*, *Essence* and *Black Enterprise* receive only 2% of total magazine spending (1988: \$160 million), as measured by Publishers Information Bureau.

While some may follow that logic (McDonald's, for example, bases its spending on "share of stomach" because Blacks account for 15% of McDonald's business, 15% of the total marketing ad effort is directly targeted to this segment), some ad agency executives don't agree with Smith's reasoning. "I don't think there should be quota advertising," says Helen Johnston, vice president and associate media director at Grey Advertising. She says that media people have to make their decisions based upon whether the brand has a strong appeal among Blacks.

believes that at the general agencies, there is a "great deal of insensitivity and indifference."

Johnson adds that "a lot of these young people [who make the buying assumptions] are straight out of Ivy League schools, and they are relying on the computers to make judgments about media schedules." To get around this perceived problem, Johnson tries to pitch directly to the client. "We have to approach it company by company, CEO by CEO," says Johnson.

At *Essence*, Smith has targeted several agencies he believes should be giving his company more business, including BBDO. Smith says that he has identified 10 BBDO advertisers who should be using *Essence*, including Gillette Daisy Razor, Campbell Soup, Scott Paper, Smithkline Consumer Products and Pizza Hut.

At BBDO, Allgood reasons that some BBDO clients may have minority programs, but aren't using the agency for this effort. He figures that four BBDO clients have

But Smith argues that "it is very possible that the general market is distanced from the experiences in the late 1960s. They see *Cosby* as the number-one show, *Oprah* as the number-one talk-show host and stars like Michael Jackson, and they say there's no problem. Or they see the Black underclass, which is about 5% of the population. They don't understand the needs of the Black middle class," he says, adding that he be-

Black-advertising programs, and all but one, Delta Airlines, are using minority firms to do that advertising.

While not everyone agrees with BBDO's conclusions, the report is one important step in researching this market more thoroughly. "For the advertising generalist, BBDO's report is informative," says John McSherry, senior vice president and director of media resources at Bozell Inc. He points out the need for historical data to measure Black readership. "I think BBDO should have at least taken a two-year sample of Simmons data because the numbers can vary greatly," notes McSherry, who recently reported on Black television viewing habits.

Allgood does note that he plans to incorporate figures for two years in the 1990 report of Black publications. "The only reason we didn't this year is because you have to get started some time," says Allgood, adding that he was moved to begin because a number of clients had begun to examine their Black-publication spending.

You'd expect that publishers would rush to provide them with research data, but so far, they aren't. "Research can often be misleading," says Johnson. "Years of research went into the Edsel and look where that got. The point is that you can't rely entirely on research," he stresses. "You can't ignore the emotional element of Black media's value." ■

CHART 2: TOP 20 PUBLICATIONS BY PERCENTAGE OF BLACK ADULT READERS*

	TOTAL ADULTS (000)	BLACK (000)	PCT.
1 ESSENCE	3,758	3,390	90.2
2 JET	6,936	6,207	89.5
3 EBONY	8,341	7,153	85.8
4 GO	4,432	1,135	25.6
5 THE WASHINGTON POST MAG.	2,419	516	21.3
6 WORKING MOTHER	1,731	321	18.5
7 ESQUIRE	2,514	457	18.2
8 SOAP OPERA DIGEST	4,481	787	17.6
9 WORKING WOMAN	2,536	435	17.2
10 INSIDE SPORTS	2,922	456	15.6
11 SPORT	2,950	437	14.8
12 BRIDE'S	2,539	360	14.2
12 TRUE STORY	3,858	549	14.2
14 STAR	11,067	1,493	13.5
15 PLAYBOY	9,055	1,200	13.3
16 SEVENTEEN	3,901	495	12.7
17 NATIONAL ENQUIRER	19,170	2,422	12.6
18 HARPER'S BAZAAR	2,991	374	12.5
19 1001 HOME IDEAS	3,799	452	11.9
19 TV GUIDE	42,061	5,003	11.9
ALL MAGAZINES	176,250	19,434	11.0

*Percentages reflect share of each publication's total audience that is black

SOURCE: Simmons, 1988 Study of Media & Markets

MARKETING & MEDIA DECISIONS



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**NEWSPAPER
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THE FUTURE IS NOW

As the Future of Advertising project closes shop, it leaves the newspaper medium in an aggressive position to meet national marketers' mandates. In these tough years, their follow-through could make all the difference.

by Richard Szathmary

There had been a lot of gloomy talk around the newspaper business last year concerning the state of its art, and there's no denying it was a rough year. How rough? That depends on whose numbers you use.

Newspaper advertising figures and classification breakouts for 1988 as reported by Media Records (under new Leading National Advertisers ownership) confirm some publishers' worst fears — overall, national ad investments in newspapers fell 6.1% in 1988 in the categories measured.

Publishers saw all segments of their business under increased competitive pressure, both nationally and locally, and national in particular showed some troubling

shifts. Among them, according to Media Records, business & consumer services were off 39.7% to \$851 million; travel, hotels and resorts stalled at \$872.8 million, -0.8%; and publishing and media cooled 4.5% to \$228.2 million.

But not all the news was bad news. On the up side, Media Records reports cigarettes & tobacco, a category that is

troubling many other media, increased 15.8% to \$73.7 million, while automotive, auto accessories & equipment eked out a +2.6% performance to equal \$831.1 million. Food & food product investments for the first time reflect FSI investments, however, so any euphoria inspired by the 355% increase to \$273.9 million for the category is not really justified (see category listing, pg. 60).

The Newspaper Advertising Bureau, which uses Media Records as a base but then factors in data from members and publicly-held newspaper companies, is a bit more upbeat. The association says it was right on target with its overall forecast for newspaper advertising in 1988. Going by the NAB's preliminary estimates,

MEDIA RECORDS METHODOLOGY

Media Records measures advertising expenditures and space in participating newspapers — currently 202 daily and Sunday papers in over 70 cities. Please note that the Media Records information in the BAR/LNA Multi-Media Service excludes data for *Parade*, *USA Weekend*, *New York Times Magazine* and *Los Angeles Times Magazine*. This information appears as newspaper supplement figures, as measured by the Leading National Advertisers.

Display advertising is reported (full or part run) and grouped within four major categories: retail, general, automotive and financial. General

and automotive categories are defined by Media Records as national advertising.

Advertising expenditures are based on one-time open inch rates and are projected to the top 125 markets for the general and automotive (national) categories. Financial and retail advertising expenditures are not projected and represent data for 47 and 44 markets respectively.

Only Media Records brands spending \$25,000 or more year-to-date are included in the BAR/LNA Multi-Media service. In addition, retail brands are included only if they are active in three or more markets. ■

the final figures for newspaper advertising were \$31.2 billion, a 6.1% increase over 1987's \$29.4 billion. Under a different classification system than Media Records', this breaks down as \$15.8 billion for retail, +4.0% over 1987; \$11.8 billion for classified, +10.1%; and \$3.6 billion for national, +2.6%. This of course, is revenue; John Morton, in his report for newspaper reps Cresmer, Woodward, O'Mara & Ormsbee, shows lineage down 1% to 2% in retail; up 1% to 2% in classified and down 3% to 4% in

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national (see "Print Beat," pg. 17).

Any increases, therefore, were difficult to come by in 1988. Regarding the national picture, "Everybody's experiencing continued softness," comments Bill Steiger, director of advertising at the *Orlando (Fla.) Sentinel*. "With all the mergers and acquisitions

going on, we shouldn't be surprised. My sense is that the players in national have cut back on their advertising budgets overall. They're not just picking on newspapers."

To hold on, the key word last year for publishers was flexibility — the newspaper industry spent a lot of time selling the concept to advertisers, current and potential alike, and almost every presentation out of the NAB, by the way of illustration, offered the familiar litany that newspapers now have color, lots of special sections, one order/one bill networks and standard advertising units (SAUs) to ease the buying process.

Many of these new selling tools are the products of the Future of Advertising project, a joint effort of the NAB and the ANPA that recently closed its doors after three years of rethinking every aspect of the newspaper business. Other examples just now bearing fruit include a bid to up business for newspapers' weekend tv logs and daily tv sections.

Jerry Tilis, former president of the *Detroit Free Press* (just named to that title is Robert Hall, former *Press* executive vice president and general manager), marketing vice president at parent Knight-Ridder Newspapers and a past FoA task-force master, spelled out the project to this year's INAME meeting in San Francisco. Despite the \$600 million spent to promote programming, he said, newspapers have his-

To cover Houston, split your buy between the two biggest newspapers:



An effort to standardize tv listings and logs is underway.

torically gotten only a small piece of the action. "The reason why newspapers do not get more of this business is that our weekend tv sections are produced in a bewildering array of sizes and formats," he said. "The advertiser faces the same problems of incompatible ad sizes and added production expense that we faced with all our ROP advertising before the advent of SAUs."

Accordingly, the FoA's Standardiza-

tion Task Force came up with six recommended standard tv ad sizes, called TMAUs for Television Magazine Advertising Units, as well as recommendations that newspapers adopt a standard size for their tv logs.

Then there's the well known island position in the middle of the stock listings that, notes Tilis, more than 250 newspapers have already adopted. On the national level, the NAB has already had success selling the concept to USAir and National Car Rental; locally, financial institutions and other advertisers seeking to reach business audiences have bought it.

Some 250 papers have adopted the floating island position.

The Standardization Task Force also recommended papers eliminate minimum size requirements for color ads, and it urged acceptance of the standard contract language in SRDS. Some 74% and 78% of newspapers, respectively, have complied with these recommendations, according to Tilis, while the Standard Advertising Invoice (SAI), which both industry associations have been working on for years, has a current 66% compliance rate.

Related to the SAU are the Standard Advertiser Codes, which 52% of the NAB's member papers have adopted or are in the process of adopting. Basically, the codes are a system translating advertising data into universal sets of numbers. Tilis terms the codes "the basic sales intelligence we all need" and stresses that at last newspapers have a chance to exchange information and for advertisers in turn to then easily avail themselves of it in multiple market buys. (In this regard, please note that the 1988 Media Records numbers reflect some new methodologies.)

There are also recommendations from the FoA Pricing and Positioning Task Force, which Tilis headed, involving simplified rate structures and repeat rates to national advertisers. This task force is further urging news-

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papers to take a good, long look at their national/retail rate differential and at categories the FoA is trying hard to develop as a business opportunity, such as beer and over-the-counter drugs.

The guiding principle behind all these efforts is that the medium must redefine itself in strategic terms. Re-

lationships with advertisers are recreated each time a marketing problem presents itself, and each effort is unique.

One such relationship is with American Express, which during the summer of '88 bought 13 one-third of a page ads for 13 consecutive weeks on either the weather or the adjacent page of 13 large-circulation newspapers (including the *New York Times* and *The Washington Post*) to advertise its traveler's checks services. The *Chicago Sun-Times* even developed a special travel

The daily Chronicle and The Sunday Chronicle.

The Chronicle reaches Houstonians with astonishing ease. For instance, one daily Chronicle ad reaches more readers than two insertions in the city's other daily newspaper. And on Sunday? One Chronicle ad reaches more readers than the other paper does with five weeks of Sunday ads.

You even get a big discount for a frequency buy in The Chronicle. Just ask about Chron-Flight when you talk to Ad Sales at (713) 220-7761.

One phone call, and you'll get Houston's top two newspapers. Smart! 

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Southern Knights

They are the men of New Orleans—knights of the round table who don't discuss the lands of their fiefdoms, but aggressive strategies for the businesses they own. Their battles aren't fought on vast, green fields, but in the corporate world of enterprise.

And the money they have isn't spent on suits of armor, fine horses, or sprawling castles. Our Southern knights spend it on fashionable clothing, fast cars, flights to Europe and high-tech toys for grown-up boys.

For an introduction, call Lester Key at (504) 826-3000.

The Times-Picayune's Weekly Coverage of Southern Knights

		Total
All Men 18+	87	458,000
Executive/Professional/Chief Wage Earner	96	451,000
Black	82	390,000
\$50,000 Household Income	92	500,000
College Education	96	228,000

Source: Borden CMS, May-Dec. 1987



Location: Courtesy, Moran's, Riverside Restaurant/French Quarter, New Orleans

The Times-Picayune



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page for the ads, because its weather page was already committed to other advertisers. By Amex's own estimate, the campaign reached 350 million newspaper readers.

Unfortunately, and for reasons beyond their control, even the best newspaper strategists have considerable trouble today with the other side of that coin—tactics.

The best illustration of these problems concerns retail advertising, which according to the NAB contributed to 51% of newspaper ad revenues for 1988, with 28¢ of every dollar of said business coming from department and general merchandise stores. According to Media Records, however, national retail newspaper advertising is down overall 9.8%, while department store advertising is down 6% over 1987.

Wanton consolidation and radical rethinking at retail management levels has all but redefined retail's relationship with its most common media outlet. Sears offers a telling example. Faced with relentless competition and eroding customer loyalty, the massive chain redrew its business plan, and the media plan along with it. Local Sears store managers, for example, will no longer place advertising in their local newspapers—so much for years of developing a symbiotic relationship between a local retailer and a newspaper. And corporate pressure for deeper volume discounts and other incentives are taking a bite out of the business the newspapers do get from the chain.

Tough times aren't limited to national. Retail advertising is under siege from a variety of competitors, and the business itself is in flux.

To some, such developments were inevitable and may in fact be welcomed to help force the industry into a more proactive mode. "Newspapers have started to relate more intelligently to the retail industry," says John Murphy, senior vice president of retail sales at Knight Ridder Inc. and a past alumnus of the National Retail Merchants Association and the NAB. "Sears started everybody reevaluating the retail advertisers. And that's good because the whole business is changing. There's suddenly a rededication to understanding the needs of our primary accounts. That includes looking at our own personnel in terms of service to them. They're going to have to be strongly marketing-oriented in the future."

One positive development to come out of 1988, notes Murphy, is that "ROP is beginning to take off. Retailers are starting to rethink ROP as an option; it's suddenly cost effective."

This is loosely confirmed by analyst Morton, who comments in his report for Cresmer, Woodward. "We do not wish to go overboard on the shift back to ROP, since it has been predicted fairly regularly by hopeful newspaper managers for some time. After all, it has been reasoned on many occasions, preprints have about reached the saturation point . . . Without asserting that the great shift back has for certain begun, we will take note of considerable anecdotal evidence that many department-store advertisers in several major markets . . . have indeed increased their ROP spending at the expense of preprint."

Then, as always, there is the problem of classified advertising, which newspapers view as increasingly vulnerable to erosion from a variety of other sources. The FoA's subcommittee on classified reports, "For every dollar now spent in daily newspaper classified advertising, 38¢ is being spent by the same advertisers in other media, not including the yellow pages . . . and the proportion is growing."

Newspapers, however, are hardly lacking in response to this challenge. Defensive moves include creating their own specialized magazines for classified ads, as well as additional strategies covering research, rates, training and promotion. In both classified and retail,

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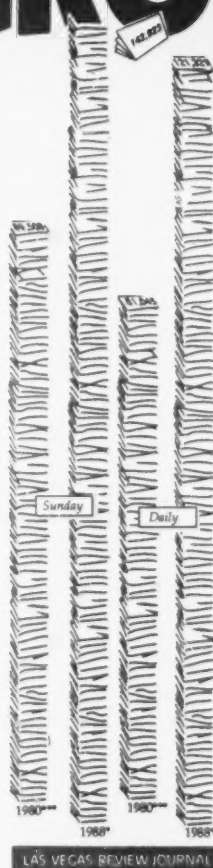
publishers are also experimenting with working in cooperation with other local media, which until now have been viewed as the enemy, to maximize coverage and impact.

So, what's ahead? Craig Standen, president of the NAB, predicts 1989 total newspaper advertising expendi-

tures will grow 6% again — national will be up 4%, retail 6% and classified 8%. It's another tough year, many say, but the new tools and new thinking could help ease the sting. "We've got to be proficient across the board," says Knight Ridders' Murphy. "If newspapers can grasp that and can show their major accounts that they understand their specific marketing needs, then this industry is in for a big revival. But it will take major re-evaluation for who we are and what we can do for our accounts." ■

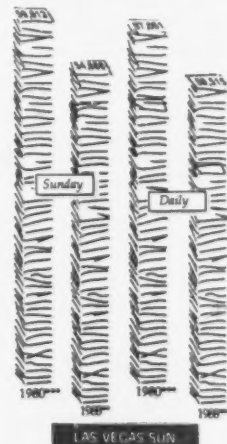
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**with one of the
fastest growing
markets**



LAS VEGAS REVIEW-JOURNAL

That's the way things are stacking up according to the new ABC audits. After eight years, the Review-Journal has gained 50% in daily circulation and 60% on Sunday, while the Sun has decreased in circulation by 11% daily and 8% on Sunday — and all this while the Las Vegas population increased 47%! To all our subscribers and advertisers, a glowing "Thanks" for choosing the newspaper that's growing along with today's Las Vegas — your R-J.



LAS VEGAS SUN

For more information and a copy of the 1988 Belden Readership Survey call Trudy Patterson at 702-383-0362

**LAS VEGAS
REVIEW-JOURNAL**

For the way you live today

Represented Nationally by The Papert Companies.

*ABC Audited Publishers Statement, Las Vegas Review-Journal, for six months ended September 30, 1988. **ABC Reinstatement Audit, Las Vegas Sun, average paid circulation for six months ended September 30, 1988. ***ABC Audit Reports for 12 months ended September 30, 1980 for both the Las Vegas Review-Journal and the Las Vegas Sun. Calculations by the Review-Journal Marketing Department.

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Rank	1988 Investments (000)	1987 Investments (000)	Percent Change	Rank	1988 Investments (000)	1987 Investments (000)	Percent Change
1. General Motors Corp	\$86,834.8	\$83,841.0	3.6	51. Peninsular & Oriental STM Navigation	9,871.4	10,147.3	-2.7
2. Texas Air Corporation	82,440.8	66,646.9	23.7	52. United Technologies	9,817.2	9,025.2	8.8
3. Philip Morris	76,667.6	46,010.8	66.6	53. UAL Corporation	9,578.8	15,885.4	-39.7
4. RJR Nabisco Inc.	37,704.2	12,934.2	191.5	54. United Kingdom	9,517.8	7,705.5	23.5
5. American Telephone & Telegraph Co.	32,689.7	32,610.3	0.2	55. Coca-Cola Company	9,503.5	5,159.7	84.2
6. American Express Co.	30,144.9	29,098.3	3.6	56. American Brands Inc.	9,463.4	6,153.6	53.8
7. Warner Communica- tions Inc.	29,834.1	24,246.5	23.0	57. Bridgestone Tires Lo- cal Dealers	9,384.0	13,295.7	-29.4
8. General Electric Co.	29,356.6	33,120.7	-11.4	58. Southwest Airlines	9,376.8	8,749.5	7.2
9. Automobile Tires Lo- cal Dealers	28,940.7	27,278.9	6.1	59. Marriott Corporation	9,265.9	8,815.2	5.1
10. AMR Corporation	28,671.4	36,653.5	-21.8	60. Kloster Cruise Ltd.	9,181.3	5,002.2	83.5
11. Pan American World Airways Inc.	28,472.8	20,905.6	36.2	61. BCI Holding Corp.	8,980.0	778.3	1053.8
12. Trans World Airlines	27,646.3	24,235.7	14.1	62. Caesars World Inc.	8,843.5	6,883.6	28.5
13. Gulf & Western Inc.	25,698.1	25,125.9	2.3	63. Gibbons Green Van Amerongen Inc.	8,762.7	6,638.6	32.0
14. Delta Air Lines Inc.	25,325.8	21,135.2	19.8	64. Bally Manufacturing	8,408.3	8,025.0	4.8
15. Ford Motor Company	25,271.8	34,568.1	-26.9	65. Pleasant Hawaiian Holidays	8,408.3	7,597.1	10.7
16. General Mills Inc.	24,688.8	2,771.3	790.9	66. CBS Inc.	8,291.4	6,780.0	22.3
17. Columbia Pictures En- tertainment Inc.	23,176.4	16,308.9	42.1	67. Mobil Corporation	6,284.2	6,183.0	34.0
18. Walt Disney Company	22,865.8	24,608.5	-7.1	68. Avis Inc.	8,254.4	7,726.9	6.8
19. Go Go Tours	22,793.3	21,025.5	8.4	69. Nissan Motor Com- pany Ltd.	8,153.5	5,302.3	53.8
20. NYNEX Corporation	22,529.2	18,143.0	24.2	70. Pillsbury Company	8,076.6	1,646.4	390.6
21. Procter & Gamble Co.	21,976.7	4,242.5	418.0	71. Alamo Rent-A-Car	8,027.3	9,161.0	-12.4
22. Daimler-Benz AG	21,070.3	19,752.3	6.7	72. American Home Products Corp.	7,998.4	22.3	3498.0
23. News Corp. Ltd.	20,778.1	27,587.0	-24.7	73. Hilton Hotels Corp.	7,953.5	4,864.9	63.5
24. MCA Inc.	20,538.7	15,019.8	36.7	74. International Tele- phone & Telegraph	7,634.7	10,230.4	-25.4
25. USAIR Group Inc.	17,874.5	18,971.3	-5.8	75. PepsiCo Inc.	7,577.4	9,354.1	-19.0
26. Kellogg Company	17,198.6	259.0	6540.4	76. Eastman Kodak Co.	7,546.4	2,092.2	260.7
27. International Business Machines Corp.	17,129.9	18,133.2	-5.5	77. Ameritech	7,495.5	8,453.1	-11.3
28. BF Goodrich Local Dealers Distributors	16,661.5	23,159.4	-28.1	78. NWA Inc.	7,484.8	7,064.9	5.9
29. MGM UA Communi- cations Co.	16,510.7	8,057.8	104.9	79. Maytag Company	7,459.5	6,272.9	18.9
30. Nestle Company	16,363.3	2,954.9	453.8	80. Volkswagen AG	7,432.3	9,027.9	-17.7
31. Ralston Purina Co.	16,160.7	2,812.7	474.6	81. Trafalgar House In- vestment Ltd.	7,338.3	7,762.1	-5.5
32. Carnival Cruise Lines	16,102.4	10,812.9	48.9	82. Park Ridge Corp.	7,133.8	13,064.3	-45.4
33. Unilever NV	15,917.4	1,209.6	1215.9	83. Trump Organization	7,019.5	7,337.7	-4.3
34. U.S. Government	15,685.1	19,642.9	-20.1	84. Cellular One	6,847.1	5,203.0	31.6
35. Holiday Corporation	15,185.5	17,110.4	-11.2	85. Pacific Telesis Group	6,715.2	5,626.5	19.3
36. Quaker Oats Co.	14,207.7	1,401.6	913.7	86. Hattori Corporation	6,695.3	6,906.5	-3.1
37. Capital Cities ABC Inc.	13,994.4	15,182.8	-7.8	87. Bristol-Myers	6,627.0	490.3	1251.6
38. Orion Pictures Corp.	13,342.1	10,487.1	27.2	88. Advance Publications	6,626.2	6,751.0	-1.8
39. Pocono Model Village World	12,716.0	15,004.4	-15.3	89. General Host Corp.	6,572.9	5,974.7	10.0
40. Braniff	12,572.5	9,941.2	40.6	90. Borden Inc.	6,546.2	3,295.9	98.6
41. Time Inc.	12,202.8	12,501.0	-2.4	91. GTE Corporation	6,537.4	5,537.0	18.1
42. Elsinore Corporation	11,749.2	10,909.7	7.7	92. Primerica Corporation	6,388.5	1,164.9	448.4
43. Chrysler Corporation	11,611.6	33,059.1	-64.9	93. Hearst Corporation	6,357.1	6,574.9	-3.3
44. H.J. Heinz Company	11,498.7	4,972.3	131.3	94. Merrill Lynch & Co.	6,216.7	5,188.0	19.8
45. Campbell Soup Co.	10,997.4	2,383.0	361.5	95. Chandris Cruises Inc.	6,181.9	5,095.0	21.3
46. Hallmark Cards Inc.	10,994.0	7,021.4	56.6	96. Admiral Cruises Inc.	6,148.3	6,110.5	0.6
47. Sara Lee Corporation	10,925.0	4,022.5	171.6	97. Bertelsmann AG	6,132.7	6,836.2	-10.3
48. Anheuser-Busch Companies Inc.	10,192.3	9,386.5	8.6	98. C. Itoh & Company	6,088.1	22,242.3	-72.6
49. B.A.T. Industries	10,091.0	8,072.7	25.0	99. Royal Caribbean Cruise Line Inc.	5,997.2	7,324.8	-18.1
50. BMW	10,074.9	9,577.9	5.2	100. AMC Theaters	5,927.9	5,340.6	11.0
Total top 100 advertisers					1,540,206.2	1,291,988.1	19.2

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NEWSPAPER BRAND LEADERS

	1988 \$(000)	1987 \$(000)	Percent Change
Airlines			
Continental	41,296.9	35,705.1	15.1%
Eastern Air Lines	40,803.0	30,575.2	33.6%
American Airlines	28,671.4	35,500.8	-19.2%
Apparel/Footwear Stores			
Hudson Apparel	3,512.4	3,332.5	5.4%
Burlington Coat Factory	3,024.2	3,682.2	-17.9%
Today's Man	2,969.6	1,490.4	99.2%
Automobiles — Domestic			
Chevrolet	24,198.6	20,817.6	16.3%
Oldsmobile	17,876.5	14,188.1	26.0%
Ford	10,897.8	14,177.8	-23.1%
Automobiles — Imported			
Mercedes Benz	17,340.5	19,523.5	-11.2%
BMW	8,606.5	9,186.5	-6.3%
Nissan	7,341.0	4,670.2	57.2%
Automobile Dealers			
Ford Local	46,731.9	32,755.7	42.7%
Chevrolet	38,153.5	27,103.6	40.8%
Ford Dealers Assoc.	25,018.4	16,608.5	50.6%

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NEWSPAPER
BRAND LEADERS

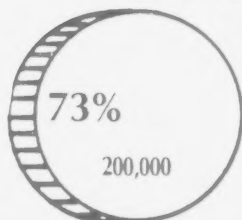
	1988 \$(000)	1987 \$(000)	Percent Change
Banks			
Chase Manhattan	10,137.3	6,979.3	45.2
Chemical Bank	8,796.2	9,538.6	-7.8
Citibank	8,320.3	14,692.6	-43.4
Book Publishers			
Random House	1,984.4	1,681.7	18.0
Bantam	1,926.8	2,249.5	-14.3
Morrow	1,880.3	1,505.0	24.9
Brokers			
Merrill Lynch	5,480.6	4,249.5	29.0
Prudential-Bache Securities	1,865.1	2,809.8	-33.6
Drexel Burnham Lambert	1,689.4	2,885.0	-41.4
Cable Television			
CBN Cable Television	5,032.2	5,170.7	-2.7
ESPN	3,596.5	3,735.3	-3.7
Home Box Office	3,126.0	4,329.5	-27.8
Cereals			
Kellogg	14,953.1	156.0	9,485.3
Nabisco	4,399.7	100.3	4,286.5
Post	3,418.9	60.7	5,532.5
Cigarettes			
Marlboro	16,923.1	11,533.2	46.7
Merit	11,382.2	394.7	2,783.8
Capri	5,853.2	3,542.6	65.2
Coffee & Tea			
Maxwell House	2,216.5	159.9	1,286.2
Folgers	1,354.1	399.5	238.9
Lipton Tea	1,253.4	660.4	89.8
Computers			
IBM	14,308.0	10,888.7	31.4
Apple	3,787.4	8,404.0	-54.9
Epson	2,378.7	3,866.4	-38.5
Cookies & Crackers			
Nabisco	5,417.9	151.2	3,483.3
Keebler	3,509.7	49.8	6,947.6
Sunshine	742.7	146.4	407.3

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**NEWSPAPER
BRAND LEADERS**

	1988 \$(000)	1987 \$(000)	Percent Change
Credit Cards			
American Express	13,064.1	11,835.5	10.4
MasterCard	925.3	416.9	121.9
Discover	89.9	783.6	-88.5
Cruise Lines			
Carnival Cruise Lines	11,487.6	9,165.4	25.3
Cunard Line Ltd.	7,236.9	7,650.9	-5.4
Chandris & Fantasy Cruises	6,181.9	3,704.7	66.9
Department Stores			
Sears	153,543.4	168,007.7	-8.6
Macy's	149,765.0	142,418.6	5.2
Penney's	73,202.2	88,541.7	-17.3
Electronics Stores			
Circuit City	29,653.5	25,123.5	18.0
Radio Shack	26,976.9	32,978.0	-18.2
Federated Group	15,639.0	17,531.1	-10.8

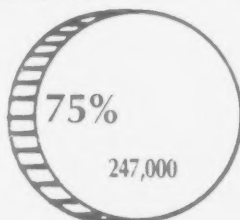
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	1988 \$(000)	1987 \$(000)	Percent Change
Fitness & Diet Programs			
Weight-Watchers Int'l	3,740.8	4,536.3	-17.5
Nutri System Weight Loss Centers	3,587.7	3,080.4	16.5
Jack LaLanne Health Spas	3,091.7	3,085.2	0.2
Food Stores			
Safeway	28,679.1	34,131.2	-16.0
Vons Markets	24,758.1	22,315.8	10.9
Giant Food Stores	23,684.1	25,396.9	-6.7
Frozen Foods			
Betty Crocker Dinners	1,706.2	57.4	2,872.5
Stouffer Frozen Entrees	1,383.2	75.9	1,722.4
Swanson Frozen Foods	918.1	76.6	1,098.6
Fruit Juices			
Minute Maid	2,505.7	242.1	935.0
Tropicana	2,338.3	1,740.5	34.3
Kool-Aid	1,510.0	26.7	5,555.4



Portland, Oregon is the second most popular test market in the United States.*

The daily newspaper here: The Oregonian. So why not find out more about Portland's attractive demographic profile? For more information call Brian Bounous, General Advertising Manager, at (503) 221-8279. Experienced guinea pigs are standing by.

The Oregonian

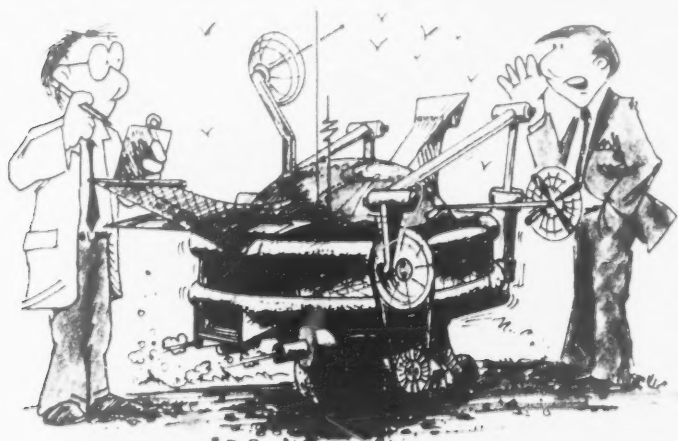
Represented nationally by Newhouse Newspapers

*Source: Search & Search DPS Lexington. Based on actual new products tested.

	1988 \$(000)	1987 \$(000)	Percent Change
Furniture			
Leather Center	5,825.6	3,934.5	48.1
RB Furniture	3,623.5	3,769.7	- 3.9
Ethan Allen Galleries	1,284.7	942.1	36.4
Garden Machinery			
Snapper	5,014.8	6,692.7	- 25.1
Toro	3,785.6	3,950.3	- 4.2
Lawn Boy	2,913.8	2,430.2	19.9
Gas, Power & Lighting Co.			
Commonwealth Edison	1,775.3	1,298.3	36.7
Washington Gas Light	1,390.0	237.4	485.5
Florida Power & Light	1,055.6	610.6	72.9
Gasoline & Oil			
Mob I	5,739.3	5,164.3	11.1
Texaco	2,968.3	762.1	289.5
Amoco	1,026.3	834.4	23.0
Government Agencies			
U S Postal Service	4,237.1	11,551.6	- 63.3
Veterans Administration	3,570.3	564.1	532.9
U S Army	2,374.1	1,079.3	120.0
Hotels & Resorts			
Hyatt Hotels	10,001.2	9,569.0	4.5
Caesars Hotels & Resorts	8,843.5	6,844.6	29.2
Holiday Inn	8,019.7	8,762.1	- 8.5
Insurance — Miscellaneous			
Prudential	2,462.8	2,571.5	- 4.3
Allstate	2,286.4	1,005.2	127.5
Aetna Life & Casualty	1,533.0	397.9	+ 285.3
Jewelry & Gift Stores			
Tourneau Corner Jewelers	2,043.3	1,716.8	19.0
Moranos of Fifth Avenue	1,444.3	1,758.7	- 17.9
Choice Seating Gallery	1,232.7	870.9	41.5
Laundry Detergents			
Surf	1,020.6	206.4	394.5
Fab	1,007.6	35.3	2,754.4
Tide	986.8	46.0	2,045.2

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	1988 \$(000)	1987 \$(000)	Percent Change
Mail Order — Apparel			
Haband	3,235.2	588.4	449.8
Roger Dunn	1,672.1	2,437.1	-31.4
Britches of Georgetown	928.0	876.7	5.9
Mail Order — Collectibles			
Franklin Mint	5,244.2	3,228.9	62.4
Hamilton Collection	1,914.1	155.7	1,129.4
New England Collectors Society	887.7	1,284.2	-30.9
Mail Order — Miscellaneous			
Fingerhut	5,500.7	32.7	16,721.7
Egghead Software	5,459.0	2,664.4	104.9
Durham House	2,816.3	3.6	78,130.6
Major Appliances			
General Electric	4,618.2	7,413.8	-37.7
Maytag	3,573.7	3,518.8	1.6
Jenn-Air	1,507.0	772.6	95.1



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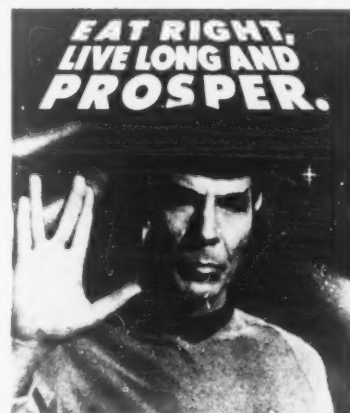
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NEWSPAPER
BRAND LEADERS

	1988 \$(000)	1987 \$(000)	Percent Change
Meats, Poultry & Fish			
Perdue Meat Products	2,026.7	3,015.4	-32.8
Eckrich Meats	1,882.4	290.5	548.0
Oscar Mayer Meats	1,869.4	172.9	981.2
Motion Pictures			
Warner Bros.	27,833.7	21,212.9	31.2
Paramount Pictures	20,468.7	20,633.7	-0.8
Columbia Pictures	18,956.5	9,722.3	95.0
Mutual & Money Funds			
Fidelity Funds	3,809.5	13,392.3	-71.6
Dreyfus Funds	3,618.9	8,609.4	-58.0
Franklin Distributors	3,054.1	4,054.9	-24.7
Pet Foods			
Purina	7,424.3	1,086.6	583.3
Ken-L Ration	2,264.9	11.7	19,258.1
Alpo	1,810.5	288.5	527.6
Public Utilities			
ATT Technologies	11,003.0	7,635.7	44.1
GTE Communications	1,083.8	866.9	25.0
Ameritech Publishing	653.0	664.9	-1.8
Real Estate, Brokers & Developers			
Model Village World Real Estate	6,612.8	8,162.9	-19.0
Pocono Model Village World Real Estate	6,103.2	6,841.5	-10.8
M.J. Raynes Real Estate	1,489.5	496.6	199.9
Restaurants			
Little Caesar	1,260.0	2,452.9	-48.6
Burger King	765.4	459.4	66.6
Dunkin Donuts	577.5	1,170.5	-50.7
Retail — Miscellaneous			
Walgreen Drugs	14,013.1	21,347.7	-34.4
Channel Home Centers	12,394.3	13,933.0	-11.0
Pep Boys Auto Parts	9,908.3	5,026.2	97.1
Soft Drinks			
Coca-Cola	5,209.5	3,876.7	34.4
Pepsi	3,842.2	5,864.1	-34.5
RC	943.8	710.1	32.9

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**NEWSPAPER
BRAND LEADERS**

	1988 \$(000)	1987 \$(000)	Percent Change
Sporting Goods/Toy Stores			
Toys-R-Us	14,822.6	21,729.7	-31.8
Hermans Sporting Goods	13,487.6	13,962.1	-3.4
Oshmans Sporting Goods	11,576.1	8,842.7	30.9
Telephone Companies			
American Telephone & Telegraph Co.	20,370.6	22,816.4	-10.7
New York Telephone Co.	12,398.7	12,015.5	3.2
NYNEX Corporation	6,887.4	4,557.4	51.1
Television Stations			
NBC Television Network	7,821.9	6,810.9	14.9
ABC Television Network	3,635.4	3,088.9	17.7
KNBC	3,087.6	3,589.3	-14.0
Travel Services			
Liberty Travel	19,240.6	16,935.3	13.6
American Express Travel Service	10,796.4	10,704.1	0.9
Pleasant Hawaiian Holidays	8,378.3	7,589.3	10.4



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U.S. General Services Administration

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NEWSPAPER BRAND LEADERS

Classification	Newspaper Ad Expenditures			9-Media Ad Expenditures		
	1988 \$(000)	1987 \$(000)	Percent Change	1988 \$(000)	1987 \$(000)	Percent Change
AIRPLANES, AVIATION ACCESSORIES, SERVICES & EQUIPMENT	2,511.8	2,134.6	17.7	16,187.7	14,176.5	14.2
APPAREL, FOOTWEAR & ACCESSORIES	21,090.5	19,883.8	6.1	789,905.4	696,197.8	13.5
Ready-to-wear	5,404.7	9,875.3	-45.3	298,588.3	282,148.2	5.8
Underclothing, sleepwear & lounging apparel	4,518.9	949.1	376.1	149,938.8	157,868.9	-5.0
Footwear	7,497.9	6,858.0	9.3	179,037.4	111,719.4	60.3
Accessories, notions & misc. apparel	1,189.1	1,849.1	-35.7	30,833.2	23,987.0	28.5
Hosiery	2,330.9	63.3	3,582.3	75,792.2	67,658.4	12.0
Apparel fabrics & finishes	122.3	214.2	-42.9	42,127.0	43,241.3	-2.6
Luggage & accessories (incl. briefcases)	26.7	74.8	-64.3	12,914.5	9,259.3	39.5
AUTOMOTIVE, AUTO ACCESSORIES & EQUIPMENT	831,111.3	809,866.6	2.6	4,739,347.6	4,161,391.8	13.9
Passenger cars & vehicles	727,185.4	668,876.6	8.7	3,868,750.6	3,332,248.7	16.1
Trucks & vans (incl. leasing & rental)	24,559.6	47,870.6	-48.7	543,636.4	508,446.0	6.9
Motor homes, mobile homes & campers	1,474.4	2,075.8	-29.0	3,071.6	5,020.6	-38.8
Tires & tubes	69,378.3	81,989.5	-15.4	142,862.5	147,816.6	-3.4
Automotive Accessories, equipment & misc.	8,513.6	9,054.1	-6.0	181,026.5	167,859.5	-7.8
BEER, WINE & LIQUOR	35,715.8	39,361.8	-9.3	1,156,125.2	1,189,812.3	-2.8
Beer	20,096.6	19,598.4	2.5	756,416.5	717,249.1	5.5
Wine	4,005.9	5,858.6	-31.6	161,469.2	230,487.4	-29.9
Liquor	10,619.6	12,754.9	-16.7	233,554.2	236,808.5	-1.4
Non-alcoholic preparation mixes & mixing ingredients	993.7	1,149.9	-13.6	4,685.3	5,267.3	-11.0
BUILDING MATERIALS, EQUIPMENT & FIXTURES	54,353.7	63,067.3	-13.8	360,637.7	339,827.0	6.1
Building materials & prefabricated homes	18,653.8	21,773.7	-14.3	97,641.5	93,731.0	4.2
Building equipment, fixtures & systems	31,788.9	36,622.0	-13.2	200,999.1	189,941.3	5.8
Fences	401.7	728.5	-44.9	539.7	805.7	-33.0
Protective coatings & finishes	3,509.3	3,943.1	-11.0	61,457.4	55,349.0	11.0
BUSINESS & CONSUMER SERVICES	851,352.0	1,412,925.8	-39.7	3,026,924.5	3,324,996.6	-9.0
Engineering & professional services	60,131.4	502,393.1	-88.0	176,895.6	599,528.3	-70.5
Schools & camps	80,273.6	89,540.2	-10.3	150,275.9	154,013.9	-2.4
Communications & public utilities	133,682.8	145,986.0	-8.4	888,490.2	816,377.9	8.8
Financial	490,195.0	602,961.6	-18.7	1,211,942.3	1,341,265.0	-9.6
Government advertising	37,323.2	30,389.8	22.8	242,669.2	207,035.4	17.2
Miscellaneous corporate advertising	4,587.4	6,545.9	-29.9	133,964.5	118,229.8	13.3
Organization advertising	44,335.9	34,263.4	29.4	211,637.2	83,079.6	154.7
Military equipment	822.7	845.8	-2.7	11,049.6	5,466.7	102.1
BUSINESS PROPOSITIONS & EMPLOYMENT RECRUITMENT	2,291.0	2,497.4	-8.3	21,519.0	22,376.7	-3.8
Business propositions	1,902.5	1,965.9	-3.2	12,241.0	13,485.3	-9.2
Employment recruitment	388.5	531.5	-26.9	9,278.0	8,891.4	4.3
CIGARETTES, TOBACCO & ACCESSORIES	73,879.6	63,801.0	15.8	662,242.3	598,444.4	10.7
Cigarettes & tobacco	73,742.5	63,801.0	15.6	649,807.2	592,127.7	9.7
Smoking accessories & misc. materials	137.1	n.a.	n.a.	12,435.1	6,316.7	96.9
COMPUTERS, OFFICE EQUIPMENT & STATIONERY	59,659.9	64,490.2	-7.5	575,451.7	538,041.8	7.0
Computers & data processing equipment	35,409.8	41,548.2	-14.8	316,777.7	315,910.9	0.3
Office machines & equipment	10,989.2	13,733.0	-20.0	165,038.3	135,858.9	21.5
Stationery & office supplies	11,536.4	7,232.9	59.5	79,556.7	70,195.2	13.3
Computer software	1,724.5	1,976.1	-12.7	14,079.0	16,076.8	-12.4

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NEWSPAPER BRAND LEADERS

Classification	Newspaper Ad Expenditures			9-Media Ad Expenditures		
	1988 \$(000)	1987 \$(000)	Percent Change	1988 \$(000)	1987 \$(000)	Percent Change
CONFECTIONARY, SNACKS & SOFT DRINKS	40,989.6	22,148.8	85.1	1,141,760.5	1,100,367.1	3.8
Confectionary & snacks	22,676.6	2,872.5	689.4	661,519.3	664,074.4	-0.4
Soft drinks & bottled waters	18,313.0	19,276.3	-5.0	480,241.2	436,292.7	10.1
DRUGS & REMEDIES	105,231.5	82,807.5	27.1	1,508,643.9	1,427,761.9	5.7
Medicines & proprietary remedies	32,775.0	4,736.3	592.0	1,238,585.1	1,183,600.0	4.6
Medical equipment, appliances & supplies	2,396.2	681.9	251.4	82,929.2	71,897.2	15.3
Physical culture	70,060.3	77,389.3	-9.5	187,129.6	172,264.7	8.6
ELECTRONIC ENTERTAINMENT EQUIPMENT & SUPPLIES	9,504.3	15,173.4	-37.4	301,359.7	245,335.8	22.8
Electronic entertainment equipment	7,047.3	9,821.8	-28.2	153,787.6	125,985.1	22.1
Electronic entertainment supplies	71.1	171.3	-58.5	16,799.4	15,229.5	10.3
Pre-recorded records & tapes	2,149.1	4,843.1	-55.6	121,499.3	95,326.5	27.5
Musical instruments	236.8	337.2	-29.8	9,273.4	8,794.7	5.4
ENTERTAINMENT & AMUSEMENTS	439,211.2	423,802.7	3.6	2,399,088.4	2,273,786.4	5.5
Motion pictures	239,754.4	226,817.6	5.7	648,112.8	574,602.5	12.8
Amusements, events & misc entertainment	169,199.8	153,505.0	10.2	331,585.4	297,296.0	11.5
Restaurants, hotel dining & night clubs	30,257.0	43,480.1	30.4	1,419,390.2	1,401,887.9	1.2
FOODS & FOOD PRODUCTS	273,873.2	60,186.3	355.0	3,570,756.9	3,298,076.2	8.3
Cooking products & seasonings	45,725.3	6,613.5	591.4	642,336.6	579,721.8	10.8
Prepared & convenience foods	80,547.6	7,335.5	998.1	1,240,071.2	1,126,210.6	10.1
Dairy products & substitutes	21,874.8	7,631.8	186.6	383,908.0	362,582.3	5.9
Fruits, vegetables, grains & beans	17,461.4	3,056.8	471.2	204,806.9	170,416.4	20.2
Meats, poultry & fish	30,660.6	17,867.5	71.6	248,053.5	232,719.4	6.6
Bakery goods (fresh, frozen, etc.)	26,307.4	4,580.9	474.3	283,776.6	301,656.0	-5.9
Food beverages	31,240.3	7,699.2	305.8	522,561.6	472,861.0	10.5
Combination copy food, food products & gen. promo	20,055.8	5,401.1	271.3	45,242.5	51,908.7	-12.8
FREIGHT, INDUSTRIAL & AGRICULTURAL DEVELOPMENT	12,487.6	10,815.7	15.5	144,562.0	82,684.2	74.8
Freight	5,965.3	4,351.4	37.1	119,774.5	57,260.2	109.2
Industrial & agricultural development	6,522.3	6,464.3	0.9	24,787.5	25,424.0	-2.5
GASOLINE LUBRICANTS & FUELS	20,761.0	20,759.9	0.0	237,429.3	234,043.2	1.4
Gas, oil (transportation) & dealer services	17,543.9	19,475.4	-9.9	206,812.3	212,866.6	-2.8
Lubricants & fuels	48.5	51.5	-5.8	1,194.0	1,202.7	-0.7
Petroleum companies, gen. promo	3,168.6	1,233.0	157.0	29,423.0	19,973.9	47.3
HORTICULTURE & FARMING	46,034.8	48,207.1	-4.5	194,290.9	205,275.1	-5.4
Garden machinery, implements & fixtures	23,237.6	24,870.5	-6.6	92,926.7	93,478.9	-0.6
Lawn & garden seeds, bulbs & nursery stock	9,228.8	7,523.1	22.7	10,292.5	9,592.9	7.3
Fertilizers & seed treatments	1,971.7	1,513.1	30.3	24,139.7	24,059.0	0.3
Garden pest controls	862.0	1,127.2	-23.5	21,866.3	25,907.5	-15.6
Horticultural services & misc	10,734.7	13,141.2	-18.3	40,845.2	48,305.6	-15.4
Farming & livestock	n.a.	32.0	n.a.	4,220.5	3,931.2	7.4
HOUSEHOLD EQUIPMENT & SUPPLIES	45,876.5	31,115.3	47.4	612,625.9	629,419.2	-2.7
Major appliances	20,140.7	27,813.5	-27.6	135,383.9	169,295.4	-20.0
Small appliances & equipment	5,390.5	1,366.3	294.5	158,170.3	153,437.9	3.1
Household accessories & misc supplies	16,314.1	1,413.0	1,054.6	222,895.7	200,369.9	11.2
Insecticides, disinfectants & deodorizers	4,031.2	522.5	671.5	96,176.0	106,316.0	-9.5
HOUSEHOLD FURNISHINGS, SUPPLIES & MATERIALS	41,421.8	38,534.1	7.5	305,663.9	273,005.2	12.0
Dinnerware, glassware & flatware	484.9	304.5	59.2	36,907.5	30,127.9	22.5
Furniture & mattresses	28,803.0	23,356.9	23.3	118,906.4	114,768.5	3.6
Floor coverings & fibers	7413.9	7924.2	-6.4	80,663.6	68,778.0	17.3
Household fabrics & finishes	2,690.4	4,987.8	-46.1	49,035.5	49,707.0	-1.4
Miscellaneous furnishings & accessories	2,029.6	1,960.7	3.5	20,150.9	9,623.8	109.4

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NEWSPAPER BRAND LEADERS

Classification	Newspaper Ad Expenditures			9-Media Ad Expenditures		
	1988 \$(000)	1987 \$(000)	Percent Change	1988 \$(000)	1987 \$(000)	Percent Change
INDUSTRIAL MATERIALS	8,618.7	7,718.8	11.7	107,982.1	79,980.9	35.0
Manufacturers materials & supplies	1,425.2	1,277.3	11.6	60,145.6	46,031.0	30.7
Industrial machinery, instruments, electrical components, fixtures & accessories	7,193.5	6,441.5	11.7	47,836.5	33,949.9	40.9
INSURANCE & REAL ESTATE	253,353.7	259,812.5	-2.5	771,818.8	798,901.8	-3.4
Life & medical insurance	28,673.3	37,865.9	-24.3	232,656.0	264,730.3	-12.1
Real estate, brokers & developers	206,123.3	197,648.8	4.3	311,486.0	306,794.9	1.5
Fire, casualty & other insurance	18,557.1	24,297.8	-23.6	227,676.8	227,376.6	0.1
JEWELRY, OPTICAL GOODS & CAMERAS	14,052.7	12,689.5	10.7	351,505.5	342,335.5	2.7
Jewelry & watches	6,034.6	4,437.1	36.0	130,171.6	134,498.3	-3.2
Optical goods, navigational & other precision instruments	2,852.4	2,320.1	22.9	44,734.5	29,590.7	51.2
Cameras & photographic supplies	5,165.7	5,932.2	-12.9	176,599.4	178,246.5	-0.9
MAIL ORDER	173,315.5	131,572.3	31.7	1,101,268.8	962,757.1	14.4
MISCELLANEOUS NOT ELSEWHERE CLASSIFIED	10,279.2	8,505.0	20.9	114,207.0	136,197.4	-16.1
MISCELLANEOUS NOT ITEMIZED	13,629.4	22,781.7	-40.2	120,934.5	125,494.8	-3.6
PETS, PET FOODS, SUPPLIES & ORGANIZATIONS	28,058.1	5,359.2	423.6	269,483.7	279,719.8	-3.7
Pet foods	24,509.0	2,717.8	801.8	235,469.2	239,940.9	-1.9
Pets & pet supplies	3,300.8	2,426.5	36.0	32,664.2	38,377.8	-14.9
Pet organizations & shelters	248.3	214.9	15.5	1,350.3	1,401.1	-3.6
PUBLISHING & MEDIA	228,221.8	238,880.4	-4.5	653,035.4	662,922.8	-1.5
Books & music	39,997.9	43,103.2	-7.2	94,635.3	115,648.4	-18.2
Magazines, newspapers, newsletters & misc. media	16,130.3	16,352.0	-1.4	66,989.8	70,107.2	-4.4
Radio stations	20,436.4	20,332.2	0.5	125,406.4	118,885.5	5.5
Television & cable tv stations	151,657.2	159,093.0	-4.7	366,003.9	358,281.7	2.2
RETAIL	3,285,514.2	3,642,244.6	-9.8	5,318,741.2	5,509,011.1	-3.5
SOAPS, CLEANSERS & POLISHERS	29,250.4	1,623.3	1,701.9	589,787.8	561,505.0	5.0
Soaps & detergents	15,026.4	870.6	1,626.0	376,899.5	362,991.1	3.8
Miscellaneous laundry supplies	1,299.1	11.7	11,003.4	5,722.0	1,505.1	280.2
Cleaners, cleansers & polishes	12,924.9	741.0	1,644.3	207,166.3	197,008.8	5.2
SPORTING GOODS, TOYS & GAMES	7,141.3	5,942.2	20.2	543,234.9	541,785.0	0.3
Fishing tackle & equipment	n.a.	33.0	n.a.	7,446.9	5,708.5	30.5
Arms & ammunition	1,064.4	981.9	8.4	9,885.9	11,025.3	-10.3
Boats, motors & accessories	2,358.9	2,848.1	-17.2	20,822.2	10,777.3	93.2
Motorized vehicles for sport	104.2	70.9	47.0	7,300.4	8,293.1	-12.0
Bicycles & accessories	781.6	447.9	74.5	14,882.9	11,834.0	25.8
Games, toys & hobbycraft	2,674.5	1,553.8	72.1	420,048.6	444,327.8	-5.5
Golf equipment	157.7	6.6	2,289.4	41,870.9	32,833.7	27.5
TOILETRIES & COSMETICS	46,961.5	7,718.4	508.4	2,026,772.7	1,817,881.7	11.5
Cosmetics & beauty aids	8,025.7	1,445.2	455.3	637,989.4	557,050.3	14.5
Personal hygiene & health	25,402.7	3,936.2	545.4	917,430.0	843,661.1	8.7
Bath toiletries & misc. toilet goods	1,707.4	0.5	341,380.0	34,441.7	33,596.4	2.5
Hair products	11,825.7	2,336.5	406.1	419,579.9	371,239.6	13.0
TRAVEL, HOTELS & RESORTS	872,832.8	879,536.8	-0.8	1,795,807.6	1,685,723.0	6.5
Passenger travel	447,830.2	449,851.4	-0.4	923,828.6	871,199.3	6.0
Travel services & tours	159,887.7	173,887.5	-8.1	185,249.0	195,294.5	-5.1
Resorts & travel accommodations	265,114.9	255,797.9	3.6	686,730.0	619,229.2	10.9
General Total	7,938,586.4	8,455,964.0	-6.1	35,529,104.0	34,159,235.9	4.0

* Note: Nine-media total from Leading National Advertisers includes network and spot tv, syndication, cable, network and spot radio, magazines, newspapers and outdoor.

BRAND REPORT

No. 162: Pasta and Sauce

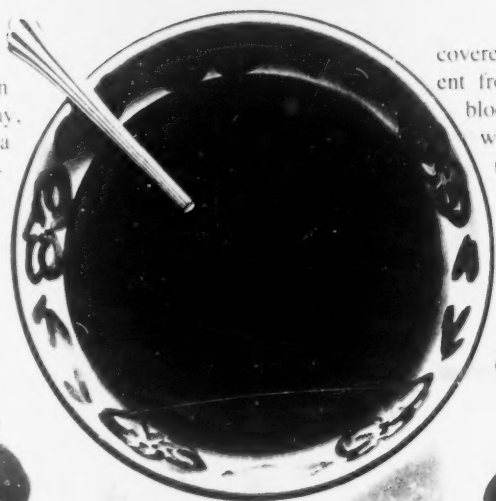
MANGIA! MANGIA!

by Brian Bagot

Who can't remember those special days? Coming in from an afternoon of play, the house was filled with the aroma of a pot of simmering sauce. Day-dreams carried you to amazing spaghetti farms in Italy until, finally, you got to twirl a forkload of Little Italy. Then came the day you dis-

covered why mom's sauce was different from Mrs. Graziano's down the block — it came from a jar. And what's this? You mean there are no spaghetti trees? Don't tell me spaghetti comes from factories!

Well it does, and those factories rolled out 3 billion pounds of pasta last year in



**PASTA AND SAUCE MEDIA EXPENDITURES (000)
January-December 1988**

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	BAR Network Radio	LNA Outdoor
PASTAS										
Creamette	7,170.6	2,238.1	1,698.8	-	-	145.8	2,009.4	1,078.5	-	-
Prince	1,348.1	-	236.6	-	-	1,606.0	-	105.5	-	-
San Giorgio	982.1	-	778.9	-	-	-	-	203.2	-	-
Ronzoni	734.1	-	32.6	-	-	66.8	384.3	250.4	-	-
Mueller's	35.5	-	0.3	-	-	-	-	35.2	-	-
SAUCES										
Ragu	20,641.8	15,311.1	526.2	411.4	3,273.8	-	-	1,119.3	-	-
Prego	14,026.3	6,577.9	150.7	221.7	638.5	-	-	956.5	5,481.0	-
Classico	12,006.2	5,801.6	4,231.6	9.4	1,459.6	-	170.0	333.5	-	0.5
Hunts	5,320.3	2,778.6	877.4	9.4	907.6	-	464.5	282.8	-	-
Aunt Millie's	48.9	-	-	-	-	-	-	48.9	-	-

Sources: Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Radio Expenditures Report (RER); Media Records (MR); No Sunday magazine expenditures reported.

the U.S. alone, worth \$1.6 billion wholesale, up 6% from a year ago, according to Find/SVP, an information and research company. Out of this, more than 40% was in the retail dry packaged segment, with the remainder accounted for by the ingredient market, which includes frozen, canned and jarred pasta products.

As for the sauce, new premium brands and line extensions, such as Classico and Aunt Millie's Family Style, both from Borden's Prince division, now are bringing the competition to a boil as manufacturers get closer to duplicating the home-made taste that made Mrs. Graziano's sauce a neighborhood legend. In 1979, sauce production totaled 545 million pounds; last year, it topped 1.93 billion pounds, according to Arbitron/SAMI. Looking at sales, the pasta-sauce market is up 9% from last year to about \$767.3 million, according to Nielsen Marketing Research.

The stir in sauces has shifted some market share. Chesebrough-Pond's market leader, Ragu, has gone from about 60% in 1982 to 50%, but with no loss in sales, thanks in part to the market's growth. Campbell Soup Co.'s introduction of Prego sauces in 1983 heated things up, and by 1986 Prego owned about 25% of it, a share it continues to maintain.

According to Arbitron/SAMI, Ragu's pasta-sauce sales totaled \$489 million for the 52 weeks ended March 24, 1989. Prego's sales in the period totaled \$252 million, lead by its basic Prego entry with \$190 million. After these, the dollar totals cool quickly for number-three Classico, with \$61 million, and Hunt's spaghetti sauce, with \$36 million.

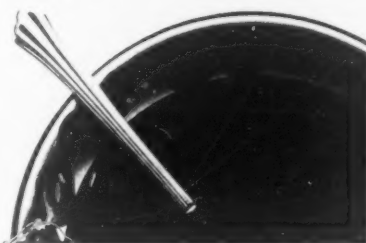
Rounding out the top five is Aunt Millie's, the only regional in the top five. Its 12 markets in the Northeast and Miami generated about \$26 million in sales for the 52 weeks ended March 24, according to Arbitron/SAMI.

Because of all the activity in this segment, sauce is also where most of the ad dollars are spent. Unlike the regionally oriented dry-pasta market, the top-five sauce brands spent more than \$52 million on their national cause last year, according to Leading National Advertisers (LNA). This compares with \$11 million spent by the top-five pasta

brands. Tv was the big media expense for the sauces last year, receiving \$43.3 million from the top five, compared to \$3.3 million for print.

Where there are new products, line extensions and a hot battle for share and shelf space, price promotions can't be far behind. All you have to do is flip through a Sunday newspaper to be served up a healthy portion of pasta sauce coupons. As Timothy Dunn, senior investment officer with PNC Financial notes, "It's a volume business. Name recognition is important, but I don't think people really see much difference between Ragu vs. Prego. In bulk spaghetti sauces, people are probably not going to buy generic, but as long as it's one of the main brands,

Premium brands and line extensions are bringing the sauce business to a boil.



they'll buy whatever they can get a deal on."

Other brands generating sales in the \$20 million-a-year range include Progresso's specialized sauces, with \$23 million; Paul Newman's Own at \$21 million; and Francesco Rinaldi with \$20 million. Rinaldi is a relatively new sauce started by the creator of Ragu, Ralph Cantisano.

Whether it's a budget-conscious family looking for an economic and nutritious utilitarian dinner, or health-conscious executives trying to trim fat from their diet, pasta and sauce serves them all. Per capita pasta consumption has grown at an average of 4% annually, more than doubling between 1968, when consumption was about 6.2 pounds annually, and 1987, when consumption hit 15.2 pounds, accord-

ing to the National Pasta Association.

All market watchers queried agree that the pasta industry has capitalized on the country's health consciousness and has successfully changed the food's image, as John Maier, editor of market reports for Find/SVP, puts it, from "a starchy, inexpensive low-cost belly stuffer into that of a healthful gourmet food." But they also agree that manufacturers have been unable to successfully market specific pasta brands; instead, it's looked at as a commodity business where price promotion gets sales.

Hugh Peters, senior product manager for Mueller's Pasta Products, a division of CPC International, states, "The game of price is really the game of pasta. If you look at the marketing mix, the role of trade promotion is very key. We take the view that we must be competitive."

Promotional activity includes cents-off coupons and reduced prices, such as "three pounds for \$1." Demonstrations and samplings combined with newspaper ads are also effective. Find/SVP cites one example in which the combination of advertising and price promotion doubled Ronzoni's pasta sales in some markets.

With most of the emphasis placed on promotions, total consumer advertising for dry pasta was only \$60 million last year, according to Find/SVP, about 3% of retail sales. Out of that, about 85% of the expenditures went to spot and network tv. The top-five pasta brands' tv/print ratio was a little more balanced, with \$5 million in tv and \$4.1 million in print.

Despite increased competition from both prepared pasta entries and fresh pasta products, dry-pasta sales continue to grow, though slowly. U.S. manufacturers — though imports are making inroads in some major markets, 92% of pasta consumed in the U.S. is produced here — rolled out 1.29 billion pounds last year, valued at just under \$1.3 billion retail, according to Find/SVP, which projects 1.34 billion pounds this year, worth \$1.3 billion retail.

What is surprising about the small-scale growth is that the large marketing-savvy companies in the business have yet to establish a strong national brand. Others have tried: Coca-Cola,

Pillsbury and McKesson ventured into the pasta market by acquiring strong regional brands and tried to take them national. Even with national food-distribution systems and substantial resources, they failed, according to Maier at Find/SVP, because "despite its commodity nature, brand loyalty was surprisingly high." It was just too expensive to establish a national brand.

"In the case of the regional pasta folks, they're very tough marketers," states Gary Stibel, principal of New England Consulting Group, a marketing management consulting company. "Each has tried to expand into some of the others' turf, and they've almost always been met with limited success."

Still, three companies control about 65% of the dry market, according to Find/SVP. These are Borden with Prince and Creamette, Hershey with San Giorgio and CPC International with Mueller's. Borden's Creamette, with weak Northeast sales, is the only brand available in all 54 Arbitron/SAMI marketing areas. It is sold in 80% of the country.

Between 1985 and 1988, Borden locked on to its position as the nation's largest pasta producer with the acquisition of Creamette. During this period, both Hershey and Mueller lost share, while Borden grew from 16% of the market in 1985 to 32% in 1988. Hershey went from 20% to 18% and CPC dropped from 17% to 15%. General Foods, with its Ronzoni brand, went from 9% to 8% during the period.

The top-five leading brands through 52 weeks ended March 24, pegged by Arbitron/SAMI, are Mueller's with sales of \$154 million in 32 markets and Creamette with \$125 million. Ronzoni generated \$92 million in sales from 25 markets, while San Giorgio in 33 markets had \$67 million in sales and Prince had sales of \$59 million from 30 markets.

Although the growth of the dry-pasta market has been relatively small, refrigerated pasta has had tremendous growth, albeit on a smaller base. Sales in this category totaled about \$100 million, according to Find/SVP, and have risen more than 30% annually over the last three years. Forecasts peg sales here at \$150 million by 1990 and \$250 million by 1995.

Right now its popularity, in keeping with its urban, upscale positioning, is mainly in the New York City and Chicago areas, as well as the urban areas of California with upscale food trend-setters under 45 who consider it more of a gourmet item. Retail prices vary from about \$1.20 to \$3.80 a pound, according to Find/SVP, quite a jump from the 69¢ to 89¢ a pound for dry pasta. There are only about 60 manufacturers of refrigerated pasta who market their product outside of their immediate neighborhood. The leading brand is Carnation's Contadina Fresh, which went national after Nestlé acquired it in 1986 from Lambert's for \$56 million. Arbitron/SAMI's Miller

the major sauce and pasta brands are doing to sell their product.

SAUCES

Ragu

The number-one brand with about half of the market under its belt is also the big ad spender. It spent a total of \$20.6 million last year, according to LNA, with \$15.3 million going to network tv. Ads are from J. Walter Thompson and Waring & LaRosa.

A division of press-shy Chesebrough-Ponds, Ragu's spaghetti sauce sales hit \$489 million last year and were led by regular style with \$203 million, according to Arbitron/SAMI.

According to Find/SVP and other industry watchers, Chesebrough, which considers any information about its marketing and advertising as proprietary, bases its success and its ability to stay on top of the pasta-sauce market on research and development. "The company backs each rollout with ambitious advertising campaigns and strong merchandising support, which makes its brands as popular with retailers as with consumers," according to Find/SVP.

Ragu's roots are in Rochester, N.Y., when in 1937 it started as the Ragu Packing

Co. As the company grew, so did its distribution, which expanded into the Northeast and Midwest. In 1969 it was acquired by Chesebrough-Ponds and went national. It began to fly under Unilever's wing in 1987 when that \$23 billion multi-national holding company acquired Chesebrough.

Initially, according to Find/SVP, Ragu shared the national market with Chef-Boy-Ar-Dee brand until the mid-'70s when Hunt came out with Prima Salsa, a sauce marketed as "heartier." So Chesebrough countered with Thick & Zesty Ragu, and by early '80s Prima Salsa was pulled off the shelves.

Since the Prima Salsa battle, Chesebrough has had to be a swift and versatile marketer to protect its share and meet challengers on almost every front. In 1982, when Campbell introduced

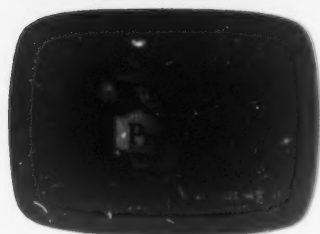
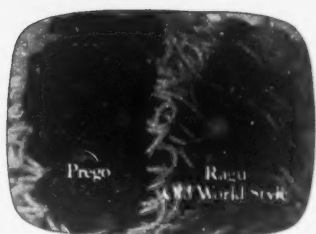
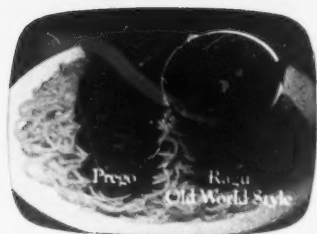


The "King of the Shelf" has been quick to adapt to a broadening market.

estimates Contadina's pasta sales at about \$71 million last year despite not having full distribution. It moved from 37 markets a year to 52 last year.

The dry-pasta brand leaders would not comment on their plans to enter into the refrigerated pasta market, but New England Consulting Group's Stibel says he is "surprised we have not seen a more aggressive attempt on the part of these pasta manufacturers to expand into fresh and frozen." So it might not be too long before the big players take control of this young market, where margins are better and regionals are not so well entrenched. Manufacturers are developing packaging that will extend the shelf life to 60 days for refrigerated pasta, up from 10 to 30 days when the product was first introduced.

Following is a closer look at what



Laying it on thick, Prego uses a visual comparison against Ragu in a spot under protest by Chesebrough.

Prego and a "homemade taste." Ragu counterpunched with its Homestyle line. And a year later, when chunky was the key word in spaghetti sauce, Ragu introduced its Chunky Garden Style with chunks of tomatoes and vegetables.

When the homestyle and chunky activity leveled off, thick and rich were again buzzwords, so in early 1987, Ragu premiered its Thick & Hearty line.

Prego

Not pulling any punches, Gary Fassak, director of marketing of Italian Food Products at Campbell Soup Co., maker of Prego sauces, says flatly, "We're a better sauce," when asked about being number two and chipping away at Ragu.

Its sledgehammer ads are simple visual comparisons of Prego and Ragu poured over pasta that show Prego as a richer, thicker sauce. "We have tv ads on the air right now that compare Prego against Ragu Old World Style, and that's the thrust of the image campaign," says Fassak. "We're trying to build long-term added value and get the word out that our sauce, in testing, tastes better than Ragu Old World Style." Chesebrough has cried foul and has asked the three networks to pull the spots.

Ad expenditures last year were \$14 million, according to LNA, with almost half going to the three networks. FCB/Leber Katz is the agency.

For promotions, the brand takes advantage of Campbell's regional marketing system with 21 regions tailoring promotion programs to those areas. "The idea is to get some attention on what the local marketing needs are, particularly in the area of promotion. We try to tie back to the advertising

with the basic notion of Prego being a high-quality sauce," states Peters.

Classico

Although it's on the shelf with Ragu and Prego, as well as other sauces, Classico stands apart with its positioning as a line of authentic regional Italian pasta sauces. More expensive than the four other major brands by 40¢ to 50¢, and introduced in late 1987, it is also the new kid on the block. And like any new kid, it's out to prove something.

Its message: Class sells. 1988 sales were \$61 million, and the brand only went national last March. Borden spent \$12.1 million advertising the brand last year, most of which was spent on network and spot tv, \$5.8 million and \$4.2 million respectively, to convey its message of authenticity.

"Directly, there really isn't anybody out there that's a Classico product," says Maxine Houghton, marketing director for Prince Foods Canning divi-

sion of Borden. "Indirectly, of course, we compete with the Ragus and Pregos of the world because we're on the shelf with them." One close competitor is the Progresso line in the Northeast. Also, Contadina's line of pasta sauces is a competitor, but it is located in the refrigerated section of the store.

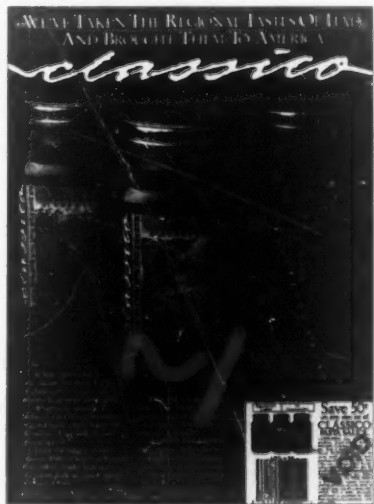
The brand's ad campaign from Scott Associates centers on its regional Italian recipes, which are also reflected in the packaging. The jar has a different shape than other sauces, and the label has an old-world appeal. "It's one of these packages that from a consumer marketing standpoint is probably not wrong, but, boy, it does the job. It just jumps off the shelf," says Houghton.

Attempting to tap the higher, upscale, 25-54 age group, Classico has more for a premium product. It's all focus on the authenticity and so-called Italy. "The commercials communicate premium quality and to a certain extent, premium price. Right now we're doing some daylong airing to reach out to a different market. But for the most part we lean our programming," says Houghton. The premium lineup includes *60 Minutes*, *Do as You Would*, *She Wrote*.

She describes the brand's strategy as a "pretty simple program of television and couponing to get trial and create awareness." Magazines have been used in the past, including such upscale titles as *Bon Appetit*, *Sunday Evening*, and *Sinister*, but because the company wants to build brand awareness as quickly as it can, it has stuck primarily with tv, FSIs and couponing.

Hunt's

Hunt's, a name virtually synonymous with tomato products, is number four in the prepared Italian sauce market and depends on the industry stan-



Classico stresses regional Italian recipes.

dards of promotions and couponing to compete with the other leading brands.

Advertising for its spaghetti sauce was relatively small last year, totalling \$5.3 million, according to LNA, with more than half going to network tv. But print is also considered an important advertising medium by the company, since recipes can be featured to provide ideas for consumers to use the sauce. A sample print schedule includes *Good Housekeeping*, *Redbook* and *Ladies' Home Journal*, and spending last year was about \$747,000, according to LNA.

In addition to its regular spaghetti-sauce line, Hunt's is attempting to tap into the "busy family" market with its new line of specialized sauces for the microwave, called Minute Gourmet. All the consumer has to do is add the meat — the sauce and cooking bag are included. Six different sauces combined with various meats create a range of microwave dinners for busy singles, couples and working parents.

Aunt Millie's

Over the past 42 years, Aunt Millie's brand has built its base of loyal regional users into the number-five position in the pasta-sauce listing. In the 12 markets where it's sold, Aunt Millie's generated \$26 million in sales last year for the Prince division of Borden, according to Arbitron SAME. Because of its regional nature, LNA shows only \$48,000 in ad expenditures, all in newspapers.



Aunt Millie's Family Style targets the sweet tooth.

What has moved the brand off the shelves for all these years is the emphasis on "no sugar or starch added," an attribute that separates it from other leading brands, with the exception of Classico. Included in the target are families, but the brand tends to attract one- and two-person households interested in no sugar, according to Prince's Houghton.

Now, in an attempt to tap into the sweet tooth of American children, and hence higher volume family usage, Aunt Millie's brand has been expanded to include Family Style, a chunkier, sweeter sauce than the original Aunt Millie's. "Kids love sweet things and sweet sauces, so we brought Aunt Millie's Family Style out to attract the larger families that eat a ton of spaghetti sauce," says Houghton.

PASTA

Mueller's

Mueller's is the country's number-one dry pasta brand, doing about \$154 million annually in 32 markets, and for the last four years it has been very aggressive with line extensions by providing new shapes, new colors and new ways of serving pasta. As Hugh Peters, senior product manager for Mueller's Pasta Products division of CPC International, explains, the move has been to "get away from traditional spaghetti and meatballs and look at things like lighter sauces. We're also trying to give new, fun shapes to work with."

The company's ads and promotions for the new shapes are focused on the consumers' desire for variety in meal planning. Besides the usual coupons accompanying the ads, recipes for dishes such as Florentine Stuffed Shells, Seven-Layer Party Salad and Garden Pasta Salad offer shoppers alternatives.

Although it's number one in sales, its ad expenditures were the lowest of the top five brands last year, totalling only \$35,500, according to LNA, with most going to newspapers.

Mueller's target group is the basic pasta shopper — women 25-54, some with children. Realizing that these consumers view one dry pasta the same as the rest, Mueller's also tries to let them know the brand has been around for more than 120 years, "and the brand



Changing shape, Mueller's offers fun meal ideas.

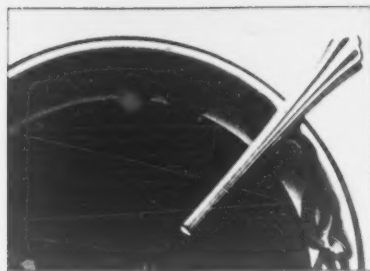
she was buying in the past is the same brand she's buying today," notes Peters. Its red, white and blue package is surprisingly un-Italian and has been maintained "so the consumer knows that whether she's buying elbows, noodles, vermicelli or even our new tri-color items, that what she's buying is all part of the Mueller's family," he explains.

Being a part of CPC, which owns brands like Hellmann's Mayonnaise and Knorr Soups, and considering the fact that pasta lends itself to being a related sale item, Mueller's is also promoted as a tie-in product. "We try to push it with the retailers that we not only sell pasta, but we sell other things, which is more volume for their stores," explains Peters.

Creamette

As the only near-national brand, Creamette had to get its word out to many more markets than the others and led the pack in ad expenditures, with about \$7 million last year. It was the only one to use network tv.

When it took the brand national last year, Borden went in with strategies tailored to the different markets. "Every region responds to something different," explains Marti Yeager, manager of marketing and advertising for Borden Pasta Group. "There are some markets where tv is not the way to go. L.A. is a perfect example. Your best bet in L.A. is radio because everyone drives."



BRAND REPORT INDEX

PASTA AND SAUCE

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

SPAGHETTI SAUCE

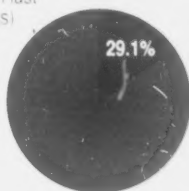
Prepared Spaghetti Sauce

% Female Homemakers using used in last 6 months



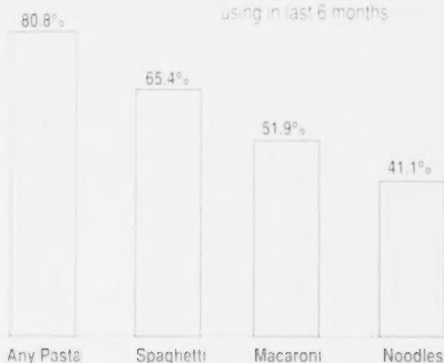
Make Spaghetti Sauce From Scratch

% Female Homemakers making (made in last 6 months)

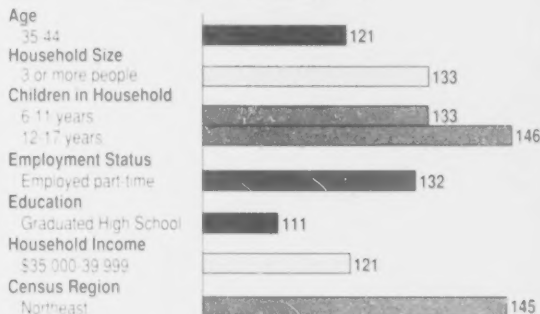


PASTA: USAGE OF PACKAGED SPAGHETTI, MACARONI, NOODLES

% Female Homemakers using in last 6 months

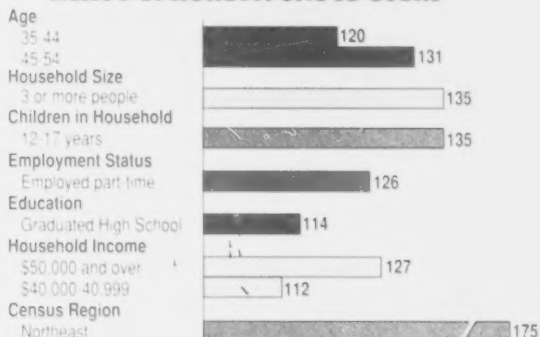


KEY DEMOGRAPHICS: HEAVY PASTA USERS



INDEX ALL FEMALE HOMEMAKERS=100

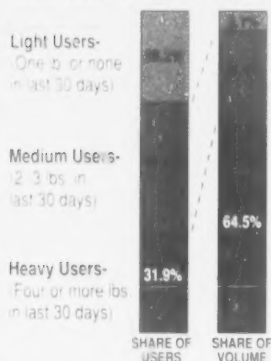
KEY DEMOGRAPHICS: HEAVY SPAGHETTI SAUCE USERS



INDEX ALL FEMALE HOMEMAKERS=100

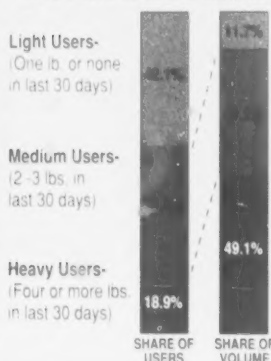
VOLUMETRICS: PASTA

Used Pasta in Last 6 Months

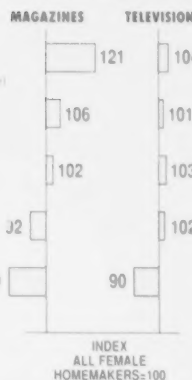


VOLUMETRICS: SPAGHETTI SAUCE

Used Pasta in Last 6 Months

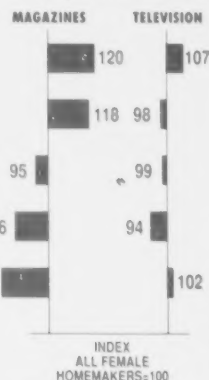


MEDIA EXPOSURE: Heavy Pasta Users



INDEX ALL FEMALE HOMEMAKERS=100

MEDIA EXPOSURE: Heavy Sauce Users



INDEX ALL FEMALE HOMEMAKERS=100

Source: Mediemark Research Spring 1988

SALES PROMOTION: THE DATA DILEMMA

A MATTER OF MEASUREMENT

In the first half of this decade, advertising spending by national marketers grew at a torrid pace, and by 1985 the inevitable correction of overexpanded budgets occurred. Ever since, I have been hearing that advertising budgets have been diverted to sales promotion, and in the August issue of this publication, McCann-Erickson was given credit for a chart that indicated that in 1987 sales-promotion expenditures amounted to \$115.8 billion—nearly twice as large as the annual total of \$62.6 billion for advertising. McCann-Erickson was not the source of the figures on the chart. In fact, we disagree with most of them, and we question their objectivity.

The McCann-Erickson estimates for 1987 advertising added to \$109.65 billion, and they were mainly based on detailed audits of ad revenues by objective third parties. Furthermore, the definitions of items included in the McCann-Erickson totals can be traced to the classic study of the *Economic Effects of Advertising* by Neil H. Borison of the Harvard Business School.

Dr. L. D. H. Weld, director of research at McCann-Erickson, was the American Research Foundation representative to the Harvard study's advisory committee. My definitions are not based on my opinions, but are derived from his involvement with that study.

Russ Bowman, the author of the report that appeared in the August issue of *Marketing & Media Decisions*, has arbitrarily reclassified billions of dollars of advertising expenditures and redefined them as

sales promotion. For example, all of the \$19.6 billion estimated for mail advertising has been shifted to the sales-promotion column. These advertising expenditures, plus some others, have been employed to build up the size of the sales-promotion total while also reducing the total for advertising. Even more inflation in the sales-promotion numbers results from the inclusion of enormous sums for activities that bear little if any relationship to real sales-promotion activities. The largest of these is an amount totaling \$32.9 billion for meetings and conventions. This amount alone is about two-thirds the size of the receipts of the entire "hotel, motel and tourist court industry" as measured by the U.S. Commerce Department.

After reviewing all the reported items included in the \$115.8 billion figure, I conclude that the total would be much more realistic if it were revised

down to about \$12.7 billion. There are some items such as the newspaper-distributed FSIs that can be considered as both sales promotion and advertising. Adding such items to both columns but only once to the \$117.6 billion (1987 total), advertising represents 93.2% and sales promotion 10.8%. There is no doubt that sales promotion has been growing faster than advertising during this decade, but expenditures for activities of this type are still modest in contrast to advertising.

The myth that sales promotion is larger than advertising has also been compounded by labeling trade price allowances as promotional expenses.

Perhaps we need to reconvene a new tripartite group to agree on precise definitions so that pricing activities and personal selling expenses are not bundled up with an important form of marketing known as sales promotion.

Robert Coen is senior vice president and director of forecasting with McCann-Erickson, New York.



OUR READERS TELL US . . .

Research USA, Chicago, found client-side readers' budgets evenly split. (Base = 62.)

1. What percentage of your total 1988 advertising/sales promotion spending was allocated to each?

Advertising	49%
Sales promotion	51%

2. To what extent did your dollar volume spent for sales promotion in 1988 compare to what was spent in 1987? (Check only one)

	Increase of:	Decrease of:
1%-9%	22.6%	—
10%-19%	35.5%	3.2%
20%-29%	6.5%	1.6%
30%-39%	1.6%	—
40%-49%	—	4.8%
50% or more	1.6%	3.2%
No change	—	17.7%

3. Which of the following types of

sales promotion vehicles to you utilize? (Check all that apply.)

Cents-off couponing	64.5%
Rebates	35.5%
Premiums and incentives	62.9%
Sampling	51.6%
Sweepstakes and contests	45.2%
Point-of-purchase	69.4%
Trade shows	43.5%
Other	11.3%

4. What percentage of your sales promotion budget was allocated to each vehicle?

Cents-off couponing	32.0%
Rebates	7.1%
Premiums and incentives	16.3%
Sampling	6.2%
Sweepstakes and contests	4.8%

THE CONFLICT IS DEFINITIONS

The report in question was designed to allocate expenditures based on organizational and/or budget responsibility of various marketing functions. That has been its basis for 16 years, as originally developed by a committee of the Association of National Advertisers. We too bear the Harvard stamp. The figures have been analyzed by Roger Strang, marketing professor at USC, and reported in *The Harvard Business Review*.

When the initial project was conceived by the ANA, it was decided to define advertising as those media traditionally commissionable and handled by ad agencies. This definition best reflected the ANA membership and included newspapers, magazine, tv, radio, outdoor, farm and business publications. Mr. Coen is right on one count: because of a layout error, one chart contrasting ad and promotion spending contained only the McCann-

Erickson credit for these ad expenditures; unlike its neighboring charts, the sales-promotion credits were inadvertently dropped.



But now to the specifics. Meetings, especially sales meetings and conventions, can broadly be classified as sales-promotion expenses—for many of these companies, that is where the budget dollars come from. Another source

that lists meetings as a promotional activity is a booklet prepared and distributed by the 4As, titled "What Every Account Representative Should Know About Sales Promotion."

Meetings & Conventions magazine shows a \$32 billion total for 1987, which goes beyond rooms and meals to include all related expenses. While it's possible some of these expenses are duplicated elsewhere in our report—a possibility now under investigation—these costs explain why the number looks out of proportion to Commerce figures.

As for direct mail, large 30 million-45 million coupon mailings like Advo, Donnelley and Metromail are promotionally oriented. According to the Direct Marketing Association, where the figures were initially estimated, a large portion of the expenses were for business mailings, which are generally considered promotion.

P.O.P. is discounted by Mr. Coen, but its trade organization, POPAI, has an established record on this category. Its 1987 figure was increased slightly from \$12 billion to \$15 billion because POPAI does not include P.O.P. Radio, Act Media, ISA, Silent Radio, PopMedia and other sources.

Mr. Coen also almost totally dismisses the premium-and-incentive business, which has been documented

by two publications for years. *M&MD* used \$15 billion in 1987 (which includes sweepstakes & contests), the figures from *Incentives Marketing*, as opposed to the larger \$23 billion from *Premiums & Incentives Business*. Mr. Coen's dismissal of both magazines' figures is based on the fact that four arbitrary industries don't add up to \$15 billion. But a true comparison can't be made without noting that almost \$2 billion of that figure is for incentive travel, and the merchandise figure is for hundreds of classes, not just four.

Promotional advertising includes the FSIs and coupon pages in magazines, promotional tv and even some estimate of radio promotional time. Coen fails to consider broadcast costs.

Trade shows are again a matter of interpretation, but in both the booklet produced by the 4As and a book on sales promotion by Don Schultz, marketing professor at Northwestern, trade shows and exhibits are included under the promotion banner. Importantly, the costs of exhibition production are part of *M&MD*'s figure.

The coupon-redemption estimate comes from Mc3 and SummaryScan figures, recognizing that Mc3 redemptions have always been somewhat conservative since Mc3 (once Nielsen) does not handle redemption for many of the largest companies.

As the business environment changes, now is a good time to take a fresh look at the best criteria for reporting marketing expenditures. Probably the best ongoing source of media vs. promotion expenditures has been Donnelley's annual survey, which supports our share estimates of approximately two-thirds to promotion vs. one-third to advertising. But in the long run, the best analysis is an individual customized report that considers differing trade and sales-related factors.

Russ Bowman is a consultant and monthly columnist for Marketing & Media Decisions.

Point-of-purchase	17.1%
Trade shows	10.5%
Other	6.0%
5. What do you believe is the long term effect that sales promotion has on the health of the brand or brands you represent?	
Brand building	67.8%
Neutral	17.7%
Detrimental	11.3%
Other	3.2%
6. Who places your sales promotion buys? (Check all that apply)	
In-house	85.5%
Full-service agency	29.0%
Sales promotion agency	24.2%
Other	1.6%

ECONOMIC EYE

VIEWERS' CHOICE

According to Nielsen, the top-rated prime time program of the last 30 years is 1983's *M*A*S*H* finale. Over 60% of tv homes tuned in to the two-hour program. Super Bowl games account for five of the top ten spots, with *Dallas*, *Roots* (part VIII) and *Gone With The Wind* filling out the list.

MAGAZINE AD SCORECARD

	Ad Pages April 1989	% change from April 1988	Dollars spent (000)	% change from April 1988
1. Skin care, Creams, Lotions and Oils	286.94	49.5%	11,307.7	60.7%
2. Lip and Eye Beauty Products	170.35	48.8%	6,219.3	37.2%
3. Scents and Fragrances	259.43	8.0%	8,643.5	25.7%
4. Facial Makeup Products	76.79	-36.0%	3,217.7	-34.7%
5. Prepared Dinners and Entrees (including pizzas)	24.57	16.0%	1,874.5	3.2%
6. Liquor	362.85	29.3%	15,490.0	32.0%
7. Cigarettes	711.95	16.2%	40,727.5	20.0%
8. Soaps and Detergents	35.88	-34.3%	2,152.6	-39.5%
9. Passenger Cars, Domestic	683.94	38.0%	41,566.1	74.3%
10. Passenger Cars, Imported	513.80	-8.6%	27,635.5	-6.8%

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

1989

	July	% change	Aug	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change
Network TV																
Daytime	81	-17	73	-14	146	+60	82	-16	80	-14	73	-10	77	-17	68	-15
Nighttime	110	+0.3	118	+4	118	+11	114	-9	113	-2	109	-2	122	+8	120	-19
Spot TV																
Prime time	-	-	125	-8	141	+14	128	+6	104	+3	129	+5	141	+10	127	-2
Daytime	-	-	100	-14	107	+4	106	-5	102	-10	99	-6	116	-5	120	+11
Network radio	102	-0.5	111	+6	112	+5	131	+8	125	+10	119	+12	158	+8	142	+10
Spot radio	-	-	-	-	105	+2	-	-	-	-	110	-3	-	-	-	-
Consumer magazines	115	+5	114	+5	116	+6	115	+5	118	+6	119	+6	122	+6	122	+6
Natl. Sunday magazines	116	+13	128	+14	130	+10	130	+10	130	+10	130	+10	129	+10	129	+10
Business publications	117	+5	117	+5	118	+6	118	+5	120	+6	120	+7	119	+2	119	+2
Newspapers	124	+7	124	+7	123	+7	124	+7	124	+7	124	+7	131	+5	131	+6
Outdoor	123	+8	123	+8	123	+8	113	-4	113	-4	113	-4	113	-4	113	-4

Notes: Percentage shown is relative change from the same month/period the year before.

* Revised

Sources:

Mighty Network TV. Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports (BAR) Network TV Service.

Daytime Network TV. Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio. Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Magazine estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3

MARKETING DECISIONS

JULY 1989 • \$4.00

WHERE ARE THE
NEW
AND

ADVERTISING '88: THE TOP 200 BRANDS

MARKETING & MEDIA DECISIONS

COVER STORY

TOMORROW'S BRANDS

Sure, the number of new-product introductions continues to rise, but where are the new brands? Once you factor out line extensions, the aisles are almost empty. As American marketers take the path of least resistance to profits, there's the threat that they may be undermining their future strength.

In this special report, marketers, researchers and ad professionals attempt to answer the questions that will shape their future. The biggest one: Where are the new brands?

WHO'S DOING WHAT 20

Most new-product work has been re-directed to mean line-extension activity. Centered around core brands, the goal is to create mega-brands that can be translated into other categories. Some companies, however, are beginning to ask if a brand can be over-extended. These marketers are trying to encourage real new-product activity in their organizations, albeit in a safeguarded way. They are redrawing staffing charts and showering managers with incentives to achieve.

Several companies open the doors to their R&D departments and reveal their new-product philosophies.

THE NEW CONSUMER 29

Significant demographic and lifestyle shifts among the buying public will change the role products play in consumers' day-to-day lives. One bet that's sure to pay: Brand loyalty is due for a renaissance.

This preview of America in the year 2000 tells what attributes will sell products in the years ahead as well as who will be buying them. Also, Laurel Cutler, the noted market planner and futurist, offers some surprising advice.



THE TOP 200 BRANDS OF 1988 37

Some of America's biggest spending advertisers bucked the trend and substantially increased their ad dollars last year, according to Leading National Advertisers. The Top 200 lists who those 200 are and breaks down their spending by media. Also included are the names of marketing and advertising personnel at both the client and the agency of record, as well as the minority agency, when identified. Finally, the top 10 advertising categories are revealed, including the top parent companies in each category as ranked by LNA expenditures.

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WHERE ARE THE

Line extensions rule the shelves, but new

by Rebecca Fannin

Last year, packaged-goods companies spilled more than 10,000 new products into the marketplace. That huge outpouring would seem impressive enough to quash even the staunchest critics. Who like to deride the industry for its lack of innovation and guts. "Where are the new brands of tomorrow," they wail. Surely, 10,000 new items are proof enough to finally shut them up.

Hardly. Scratch the surface of that grand number and a far more troubling picture emerges. Only 5% to 10% were really new products, estimates Martin Friedman, editor of *Gorman's New Product News*. The rest was an avalanche of line extensions — brands available in a "new" flavor, size, or color. "Companies bring out the same brand, but in a green color, and they think they have found three new uses for the same product," complains Gerry Schoenfeld, of the new-product

consultancy Schoenfeld, Chapman and Pearl, Inc. "Right now there is less true R&D than at any other time."

This trend shows little sign of abating. Editor Friedman had forecast a 5% increase in the number of products introduced in 1989, but after a particularly strong May, when over 1,000 items made their debut, he has upped his estimate to 10%. Mind you, most of these entries will quickly find the exit sign. Only about 1% will achieve sales of more than \$15 million, says Friedman, a number which hasn't shown any improvement since 1980.

What is going on here? Why are there so few truly creative or technologically superior products being introduced and so many me-too, variety-pack clones flooding store shelves? And what does this say about the future? Where will the new brands come from? Will we all be happy — and make money — in the year 2000 munching peanut butter-chocolate chipped and dipped jumbo Oreos? At what point does the brand franchise get bastardized beyond recognition and value?

Some companies are beginning to ask these questions and take some actions. Many of them are trying to increase their new-product outflow, but in a smarter, more controlled manner. For instance, the movement is afoot to get R&D teams to work more closely with marketing staffs to develop products that consumers truly want and need. Additionally, managers are designing compensation systems to encourage innovation with accomplishment. New-product boutiques are getting more work, and they are being paid not just to generate ideas but to focus on developing a strategy for the

Campbell's Baum gives Levy his opinions on products in her venture group.



LEIF SKOOGFORS

NEW BRANDS?

strategies may lead to truly new products.

future. Internal venture groups once urged to brainstorm without end are becoming more disciplined. All are aimed at a single goal: getting companies to spew forth fewer new products, but ones that offer higher financial returns.

Some of the companies that best exemplify this approach are 3M, Rubbermaid, Campbell Soup, Neutrogena and Johnson & Johnson. At Rubbermaid Inc., for instance, Walter Williams keeps the corporate culture hinged on new products. This president and chief executive officer says his company lets loose 300 brand new products for existing or fledgling business segments every year and hardly pulls any from the shelves.

Similarly, Herb Baum, president of Campbell Soup USA, has not let past excesses and flops deter the company from bringing out new products. He takes an unusually active role in spurring Campbell managers to think up innovative new products and he suggests test-market strategies.

Even Colgate-Palmolive, which has had a poor record with new-product introductions in the U.S., has not thrown in the towel. It is wrestling with how to develop better new-product systems so it can reduce reliance on line extensions. Under the leadership of William Shanahan, senior executive vice president and chief operating officer, global marketing has been reorganized to support "new" new-product work, and it reports directly to him.

But these companies are far more the exception than the rule. For the majority, the energy, costs and risks required to create breakthrough products, or even ones with superior attributes,

is just too daunting. Launching a brand can easily eat up as much as \$100 million. Besides time-consuming research to uncover breakthrough technology, there's test marketing to worry about, not to mention tv commercials, coupons and sampling. And don't forget the slotting allowances needed for paying supermarkets to get shelf space. Yet another new worry has been added to the sorry equation: failure fees to the store when new products miss sales objectives.

At public companies, mistakes can prove catastrophic. New-product losses make Wall Street frown. At best, the company's stock gets battered, or at worst, the company becomes a takeover target. Ironically, in today's financial markets, success isn't rewarded either. If a CEO makes his corporation a real winner, others become that much more eager to take over the riches. It is no wonder that in this atmosphere, dull — but safe — line extensions are preferred.

"By the year 2000, there will be only 10 major packaged-goods com-

Williams makes sure Rubbermaid keeps an enviable record in new products.



PAUL TEPLEY

panies," predicts Laurel Cutler, vice chairman at FCB/Leber Katz Partners. Increasing consolidation means even less hope for new products. Burdened by mammoth corporate debt, risky R&D programs are among the first to go.

The cautious philosophy toward new products is so widespread that packaged-goods companies aren't being looked to for tomorrow's innovations. "The packaged-goods market is mature, and the only way to grow is at the expense of the competition," says Cutler. Financial services, health care, travel and leisure businesses are expected to fill the gap. In addition, increasingly powerful supermarket chains are seen as the entrepreneurs as they develop high-quality foods to compete with the mega-brands.

Marketers are also disheartened because even if they do develop truly new products, it's nearly impossible to unseat a market leader. According to a study by the Boston Consulting Group, only two brands from 1938 to 1988 lost their commanding position: Colgate surrendered to Crest, and Hershey's to Mars. "Brands just don't happen overnight," explains Cutler. "It takes years and years to build them, and the market leaders are impregnable," she notes.

For the 1990s, she predicts, the odds for success will be even greater. Consumers weary of new, improved and different claims are the primary reason. "The stores are indigestibly cluttered," she says, adding that brand proliferation has led consumers to believe that having more choices isn't great — it's work. "New brands, with few exceptions for technology-based ones, aren't a good proposition for the 1990s," Cutler concludes.

Faced with all this confusion, many professionals argue strenuously for the line extension. They

also point out that not all line extensions are created equally — some can provide useful changes for consumers. "We see the economics of new products almost prohibitively high, and the success rates too low," says Spencer Plavoukos, chairman and chief executive of Lintas New York. "The movement is to line extend mega-brands and get a leg up on the competition," he adds. As one example, he points to

Lever's successful spin-

the New England Consulting Group.

Indeed, successful brand franchise extensions aren't hard to find. John Luther, divisional president of the Marketing Corp. of America, points proudly to Oscar Mayer's brand extension, Lunchables. "They created a \$50 million business by extending the company's quality name on a snack-pack that contains crackers, cheese and their own lunch meat," Luther notes.

Nevertheless, many experts are beginning to argue that marketers must begin to reassert product originality. Some warn that a line extension can devastate the mother brand, either because it cannibalizes sales or because the product does not satisfy the public and sours them on the entire franchise. For example, even though Diet Coke is a megahit, its entrance killed Tab, a profitable brand for the company, and took sales away from the flagship, Coke. Indeed, some say the company's disastrous reformulation of Coke was prompted by concern that Diet Coke was taking too many drinkers

away from the flagship.

"You can only extend brand names so far before you begin to dilute the value of the brand name," says Chet Kane, a consultant with Kane, Bortree Associates. "Many brands have been mined to death," he says.

Packaged-goods marketers are beginning to take action by reexamining organizational structures and guidelines to encourage innovation with less risk. Many corporations got in trouble with new products by having too many of them with not enough consideration of how they fit strategies and corporate strengths. Frito-Lay charged ahead into unknown turf and flopped with Grandma's soft cookies. General Foods misread the market and made distribution mistakes with Culinova, its high-priced



Ranking of Companies by Products Introduced in 1988

Food Companies

Non-Food Companies

1. General Foods 137

1. Revlon* 66

2. Kraft 116

2. Lever Chesebrough-Pond's 52

3. H J Heinz 106

3. Schering 49

4. Nestlé 99

4. Bristol-Meyers 31

5. Campbell Soup 78

5. Procter & Gamble** 30

6. Borden 77

6. Noxell 26

7. General Mills 69

7. Colgate-Palmolive 25

8. Con Agra 69

8. Gillette 25

9. Beatrice 62

9. Cosmair 23

10. Sara Lee 56

10. Pfizer 23

Food figures include all varieties, including line extensions, which make up the majority.

*Revlon figure includes Max Factor.

**P&G figure includes Richardson Vicks.

Source: Gorman's New Products News

off of Snuggle fabric softener into sheets that could be tossed into the dryer. "No company had ever done that before, and P&G's Downy was forced to follow," he notes.

Line extenders have also become more daring. Now they're doing brand-franchise extensions, which takes the concept a step further by stamping brand names on related products. Examples are Jell-O pudding pops, Velveeta cheese dinners, Mott's apple sauce in single servings, Hershey's chocolate milk and Sunkist vitamins. "Extending trademarks can make a lot of sense because you are taking a set of benefits and values from the original brand and expanding that to a meaningful product that meets a consumer need," says Frank Blod, a partner with



refrigerated dinners. Likewise, both Campbell and Kraft proved novices at getting into a new area, refrigerated pre-cut vegetables.

Companies that have fared best in the new-product game are generally those that have stuck close to core strengths. Kellogg's struck gold following the cereal path with more nutritious products like Nutri-Grain, Just Right and Oat Bran Flakes. Despite the skeptics who predicted the cereal market was flat, Kellogg's regained lost market share and sent the category into a competitive frenzy with aggressive new products. On the other hand, when Kellogg's tried to diversify into another area — Whitney's yogurt — it stubbed a toe.

After diversifying into sporting equipment in the 1970s, Colgate has learned its own lesson: Getting back to basics makes sense. "What we are trying to do is stay close to the equity we have in major brands, Palmolive, Ajax and Colgate," says Shanahan. Last year, the family grew to include Colgate Tartar Control mouthrinse and Colgate Jr. toothpaste and toothbrush. This year, C P is test marketing Irish Spring deodorant and Palmolive hypoallergenic bar soap. "The highest percentage of our new products are line extensions because they are obviously cost-efficient," explains Shanahan, who adds that \$600 million in sales was generated last year from new products and brand franchise extensions developed worldwide over the past four years.

Totally new products are rare at Colgate. The 1986 introduction of Palmolive automatic dishwashing liquid is one of a very small group spawned by technological advance. Fab One-Shot, single-use packets combining detergent, static guard and fabric softener, is another, but the premium-priced product has only limited consumer appeal. Dentagard, its anti-plaque toothpaste, has flopped.

Because the company's focus has become so global, acquisitions, like the recent purchase of two European bleach companies, and licensing have become popular ways of generating growth. This year, Colgate is introducing dentifrice products in Europe,

Rate of NEW Product Introduction		
	Total	% Change
1986	7,509	—
1987	10,182	+26%
1988	10,588	+4%
1989 (1st 5 mos.)	4,897	+11%
1988 (1st 5 mos.)	4,407	—

Note: Includes all forms and varieties, including line extensions, which make up the majority.
Source: Gorman's New Product News

The technology is licensed from Vipont Pharmaceutical Inc., which sells Viadent toothpaste in the U.S.

To place greater emphasis on new products, however, Shanahan has restructured the global marketing group. The group is divided into four business categories and contains managers from several disciplines. Each group now has managers responsible for identifying growth opportunities within existing product categories. A separate group has also been formed that will identify "totally new" product areas for Colgate, according to Shanahan. "What we are trying to do is find new product ideas before they become really big," says Shanahan.

Those successful in new products make commitment to internal growth part of the general operating procedure. For instance, Rubbermaid has a policy that 30% of sales annually must come from products developed in the past five years. "This 30% factor keeps everyone on their toes," says president Williams. Among Rubbermaid's recent hits: a work-space organizer for tools; clear storage containers; stackable outdoor chairs, and for children, a basketball set, slide, plastic toy trucks and dollhouses. This year, Rubbermaid is aiming for

\$100 million in office products sales, a new area for the company.

Beatrice Hunt-Wesson also is admired for a loose, free-flowing environment that has fostered product innovation. "They have crazy people there who go out drinking together, argue a lot and compete fiercely," says consultant Schoenfeld, who works with Hunt-Wesson. "The culture there puts a premium on action," he adds.

Indeed, Minute Gourmet, its microwaveable meat dishes, and Orville Redenbacher popcorn were conceived at home by marketing director Jim Frawley.

Other companies are trying to spark the creative process by rewarding managers financially. At Rubbermaid, Williams says that marketers can make a substantial percentage of salary in bonuses if new brands hit stated objectives. The Dial Corp. also compensates executives for churning out successes. Bonuses are earned on the basis of such criteria as conducting a simulated test market for a new product or introducing it into a full-blown market test. Objectives are set by the brand managers in conjunction with the director of marketing, Frank Yurio.

In another major change in new-product development, research and development no longer is cast off to an isolated location. Colgate, for instance, has set up preliminary marketing testing at the labs, some 30 miles southeast of Manhattan headquarters. Only if the products pass this initial testing are they turned over to headquarters marketing staff for product positioning and volume projections.

Likewise, new-product managers no longer work solo. They work in teams consisting of engineers, package designers, production managers, financial planners and market researchers. These teams then report to category managers in charge of a group of brands in the same area. By having one manager in charge of both P&G's Gleem and Crest, for instance, the two brands can be positioned differently so that together they hold a larger market share than if they were competing. "The brand management system is dead," says MCA's Luther. "It's just too narrow in scope today to be effective."

At the Dial Co., Yurio believes that multi-disciplined product teams helped create the success of its new shelf-stable entrees, Lunch Buckets. The portable, microwaveable foods, which the R&D labs had developed, were originally intended as niche products to be distributed in convenience stores. But when marketing began working more closely with R&D, the team determined that Lunch Buckets might have wider appeal. After the idea was



tested. Lunch Buckets was expanded to supermarkets as well. Sales volume should reach \$100 million this year nationally.

Internal venture groups, which were supposed to encourage executives to brainstorm and take a risk, also are being transformed in an effort to improve the odds. While venture groups or "skunk works" have been popular throughout the 1980s, some earned a bad reputation because the brainstormers tended to develop unrealistic product ideas. "I cringed when I heard about venture groups," admits Luther at MCA. "Companies have tried them, but they have realized that their new-product efforts have become more like a fishing expedition. They just don't have focus," he says.

At Colgate, Shanahan admits that lack of a clear vision was one reason that the company recently disbanded its venture group. "We shut it down because there was a lack of consistent strategy and we realized that we needed to become more focused," says Shanahan. About half the products created by the venture group were discontinued, including Lournay skin care and Maniac teen fragrance. Others, like HandiWipes disposable rags, were folded into businesses gained with the 1987 acquisition of Softsoap Enterprises.



ADAM CHINITZ

Elsewhere, venture groups have been given more guidelines on what products to consider. The Dial Corp. has three or four "ideation sessions" annually that bring together managers from marketing, R&D, sales, engineering, packaging and market research, as well as the ad agency. Although these groups often think of as many as 50 new products, they must convene a week later at company headquarters to determine if the products are viable. Typically, products must stay close to the company's existing brands, fit production and distribution strengths and satisfy consumer needs, according to Yurio. "Right now, we have a backlog of ideas," says Yurio, who notes that the company expects to introduce two other major products next year.

Meanwhile, Campbell's is also trying to become more disciplined with new products. When Herb Baum became president of Campbell's USA in 1986, he determined that the company should focus on becoming a leader in microwaveable foods, particularly single-serve foods that could be popped in the microwave. However, several of these and others bombed. Subsequently, Baum concocted strict rules for new-product entries. They have to be unique, offer competitive advantage, meet \$35 million in sales and endure exhaustive market tests before national introduction. In addition, the trade, which is consulted before roll-out, must agree that the item offers additional consumer benefits. "Our mistakes have tended to be big ones," admits Baum. "But now we are researching our new products more carefully and pacing the introduction of them so there aren't too many at once."

In another significant change, Baum has persuaded

Shanahan is depending on global marketing for tomorrow's businesses at Colgate.

chairman Gordon McGovern to establish an entrepreneurial group. "We need a venture group with a separate budget because business units are very profit/loss oriented and new products result in big losses," explains Baum.

"So there has been a disincentive to develop new products."

In a sign of his high regard for the venture, Baum has hired senior managers to run the eight-member group consisting of marketing experts, financial,

engineering and production managers. The group is headed by Phyllis Levy, a new-product expert, credited with Le Menu's success. Baum meets with the group weekly and has allocated 10% of the marketing budget to the venture group's projects this year.

While line extensions still account for 80% of Campbell's entries, new products are preferred. "Line extensions tend to cannibalize the existing brand," explains Baum, who encourages the group to meet off-site and travel to unearth ideas. Six brands are in development and include grab-and-go sandwiches and healthier, convenient kids' snacks.

Baum's close supervision has helped Campbell's avoid costly errors. Souper-Combo, a microwaveable soup and sandwich being introduced nationally this summer, is the venture's first offspring. Because of Baum's influence, Souper-Combo was tested for three years instead of one year previously required for new products. During those two years, Baum asked Levy's group to add more cream to Souper-Combo's tomato soup, to keep the breads from becoming soggy in the microwave and to rejigger the ad strategy.

Baum's emphasis on getting it right has led the company to stress quality before quantity. Before 1988, Campbell's had introduced more new products than any packaged-goods company for three years straight, but its success record was spotty. Even though Campbell's has slipped to fifth place, pride isn't hurting. "New products are where our growth opportunities are," says Levy. "Herb's major input has been trying to keep us focused on doing the basics well." ■



MARKETING & MEDIA DECISIONS

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BRAND
PRODUCTS & SERVICES

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8

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THEY'RE THE TOP

The 1988 Top 200 Brands report is the 18th annual survey from *Marketing & Media Decisions* magazine. In these pages, we provide detailed ad-spending estimates for the individual products and services that helped shape the year in terms of ad spending. Together, these 200 accounted for \$8.2 billion in advertising in 1988. The detailed data then are matched to the people on both the client and agency sides who control those high-priced buying decisions.

The report begins with a comparison of Leading National Advertisers' top ten ad-spending categories, 1988 vs. 1987, rounded out by data from Radio Expenditures Reports for spot radio. Each category then begins zeroing in on our Top 200 by listing the top five parent companies for each.

Comparisons to 1987 are offered as well, and all totals are broken down into spending in each of the ten major media: network tv, spot tv, national cable, newspapers, consumer magazines, national Sunday magazines, network radio, spot radio, outdoor and national syndication. The names of those in media-buying authority at the client and agency complete each of the listings.

Each entry refers to a specific ad effort based on total advertising outlay. Thus Coke Classic, Diet Coke and Sprite earned their own places on the list (#24, #32 and #179, respectively). Joint campaigns also stand alone, so there are separate entries for Marlboro filters and Marlboro filters and 100s (#122 and #141).

New additions to our Top 200 have been brought up to date with the previous year's data. In

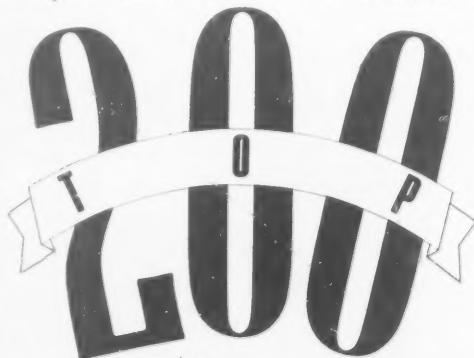
the majority of cases, we were able to match the data from the contributing measurement services: Arbitron's Broadcast Advertiser Reports (BAR), Leading National Advertisers (LNA), Publishers Information Bureau (PIB), Media Records Inc., the Institute of Outdoor Advertising and Radio Expenditure Reports (RER).

In a few cases, however, determining spending for our very specific entries required adjusting data to assure apples-to-apples comparisons. Therefore, when RER reported overall spending for foreign cars, a ratio of model to overall spending was established based on LNA data and then applied to the spot radio reports. When no directly comparable data could be determined year to year, we excluded the 1987 data and marked the lists accordingly. AT&T Information Systems (now AT&T Data Systems) has been held due to questions about what it entails. Finally, financial and retail data for Media Records is reported for the first time this year, based on non-projected data from 45 and 44 markets, respectively, and overall 1987 dollars have been restated by LNA since its acquisition of Media Records.

The result of these efforts is the most comprehensive report of its kind, detailing members of the power team of advertising: The Top 200. The alphabetical listing of this year's entries on page 43 is the key to the top-spending products and services.

This information would be impossible

to achieve without the help of advertisers and agencies alike. Please accept our thanks for your time, care and patience. May this valuable tool be your reward. ■



1988 TOP TEN ADVERTISING CATEGORIES AND THEIR TOP FIVE CORPORATE SPENDERS

	Nine-media total \$(000)	LNA Magazines \$(000)	LNA Newspaper supplements \$(000)	MEDIA RECORDS Newspapers \$(000)	LNA Outdoor \$(000)	BAR Network television \$(000)	BAR Spot television \$(000)	BAR Syndicated television \$(000)	BAR Cable-tv networks \$(000)	BAR Network radio \$(000)	RER Spot radio \$(000)
1. Department Stores											
1988	\$2,031,108	\$ 70,159	\$11,232	\$1,377,028	\$ 3,288	\$125,731	\$304,314	\$ 8,899	\$ 7,181	\$55,750	\$ 67,526
1987	2,045,705	52,358	10,315	1,452,069	3,171	90,646	321,452	9,535	6,543	46,223	51,393
1. Sears Roebuck & Co.											
1988	261,418	11,035	638	153,543	380	27,646	13,249	1,128	673	39,569	13,557
1987	260,552	7,955	2,530	168,008	320	23,901	13,431	3,851	500	40,056	11,032
2. May Department Stores Co.											
1988	241,394	2,281	1,931	221,370	119	—	14,669	—	—	—	1,024
1987	249,231	1,722	990	226,476	139	—	18,881	—	—	—	1,023
3. Macy Acquiring Corp.											
1988	200,773	2,166	86	182,212	376	—	15,651	—	—	—	282
1987	195,304	1,846	311	176,033	140	—	16,695	—	—	—	279
4. K mart Corp.											
1988	183,201	20,684	734	62,313	117	56,292	22,500	4,124	3,135	11,167	2,135
1987	137,662	18,933	2,154	66,416	224	18,238	20,085	2,259	2,632	5,532	1,189
5. Campeau Corp.											
1988	144,457	2,042	358	124,447	20	—	17,590	—	—	—	—
1987	188,983	3,260	310	134,833	197	—	20,383	—	—	—	—
2. Restaurants, hotel dining & night clubs											
1988	\$1,496,634	\$ 7,001	\$ 312	\$ 21,020	\$26,197	\$514,835	\$794,964	\$24,883	\$ 7,679	\$ 222	\$ 98,721
1987	1,447,136	10,898	1,421	24,889	26,237	497,997	789,996	13,410	4,919	147	77,222
1. McDonald's Corp.											
1988	405,862	6,294	—	528	6,302	245,389	128,029	12,371	1,791	—	5,158
1987	374,895	7,192	1,236	827	6,596	216,068	129,010	7,603	1,820	—	4,543
2. PepsiCo Inc.											
1988	254,911	207	—	957	1,557	85,612	154,363	4,336	1,581	222	6,076
1987	260,185	295	—	1,289	1,990	98,486	148,713	3,186	898	147	5,181
3. Pillsbury Co.											
1988	184,579	484	—	813	2,336	58,891	95,472	4,210	1,564	—	20,809
1987	186,008	257	—	850	1,601	66,702	99,613	730	493	—	15,762
4. Wendy's International Inc.											
1988	86,911	—	—	163	1,747	49,309	31,302	2,865	902	—	603
1987	82,668	483	—	319	2,026	46,772	31,706	750	143	—	469
5. General Mills Inc.											
1988	55,293	—	—	496	247	39,452	13,942	1,081	411	—	34
1987	49,116	—	—	380	329	36,936	10,316	631	94	—	430
3. Car dealers & services (including used cars)											
1988	\$1,448,732	\$ 1,393	\$ 23	\$ 374,013	\$41,486	\$ 8,603	\$946,095	—	\$ 106	—	\$ 78,627*
1987	1,307,645	2,272	192	307,848	42,596	38	699,444	46	3	57	57,164*
1. General Motors Corp. Dealers Association											
1988	223,220	—	—	23,656	5	—	196,921	—	14	—	2,624
1987	174,775	143	—	12,152	56	—	156,636	—	—	7	5,788
2. Ford Auto Dealers Association											
1988	145,724	—	—	38,665	1,234	42	100,175	—	—	—	5,608
1987	129,305	—	—	25,257	1,689	38	90,971	—	—	—	11,350
3. Chrysler Corp. Dealer Association											
1988	121,124	—	—	3,619	—	8,560	101,380	—	88	—	7,477
1987	70,494	—	—	3,236	11	—	56,557	—	—	—	10,690
4. Toyo Kogyo Co. Auto Dealers Association											
1988	37,589	—	—	2,226	—	—	35,362	—	—	—	—
1987	29,541	—	—	—	—	—	29,538	—	3	—	—
5. Toyota Auto Dealers Association											
1988	69,746	—	—	2,463	7	—	65,051	—	—	—	2,225
1987	72,957	—	—	23,054	11	—	47,452	—	—	—	2,440

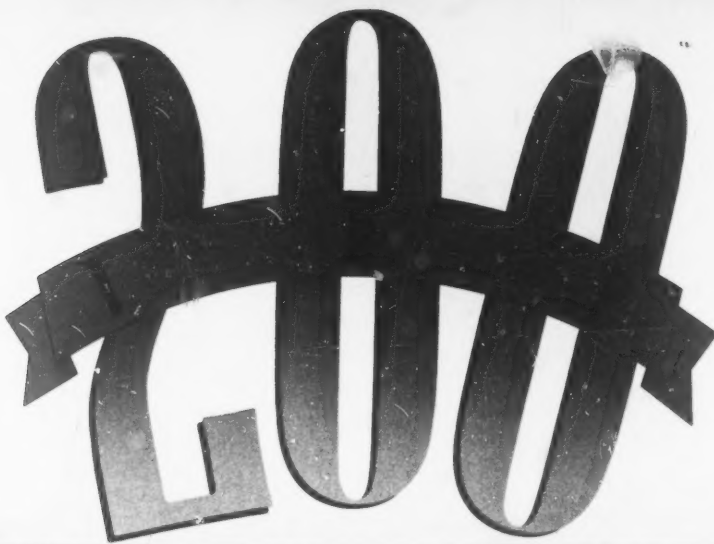
	Nine-media total \$(000)	LNA Magazines \$(000)	LNA Newspaper supplements \$(000)	MEDIA RECORDS Newspapers \$(000)	LNA Outdoor \$(000)	BAR Network television \$(000)	BAR Spot television \$(000)	BAR Syndicated television \$(000)	BAR Cable-tv networks \$(000)	BAR Network radio \$(000)	RER Spot radio \$(000)
4. Passenger cars, imported											
1988	\$1,170,873	\$310,814	\$ 6,281	\$ 81,240	\$ 2,394	\$416,607	\$278,811	\$12,603	\$21,235	\$ 4,341	\$ 36,047*
1987	1,001,306	248,166	2,322	94,775	1,676	364,206	237,051	8,652	15,027	11,464	17,967*
1. Honda Motor Co. Ltd.											
1988	148,982	40,179	711	2,245	373	80,230	13,180	1,428	4,390	1,725	4,521
1987	127,908	37,048	264	4,136	8	62,496	13,586	—	3,083	3,151	4,136
2. Toyota Motor Corp.											
1988	126,475	26,180	712	3,645	681	41,982	45,806	3,560	1,761	1	2,147
1987	109,324	20,021	427	2,947	611	32,027	44,789	4,068	1,157	2,301	976
3. Nissan Motor Co. Ltd.											
1988	120,622	23,064	299	7,341	943	41,066	44,388	1,220	354	—	3,047
1987	82,399	12,973	213	4,670	211	32,955	28,477	331	383	1,029	1,157
4. C. Itoh & Co. Ltd.											
1988	100,109	29,196	107	4,783	—	43,910	19,054	12	2,176	871	—
1987	109,899	21,842	—	18,661	—	45,664	21,115	92	2,525	—	—
5. Volkswagenwerk AG											
1988	7,193	29,133	1,047	7,130	43	29,741	15,781	916	1,658	1,744	—
1987	93,473	23,105	106	8,692	1	48,151	12,166	—	1,252	—	—
5. Passenger cars, domestic											
1988	\$1,153,273	\$269,320	\$ 8,800	\$ 89,976	\$ 4,204	\$547,584	\$144,101	\$ 7,403	\$15,141	\$41,384	\$ 25,360*
1987	894,127	224,433	7,560	102,312	3,868	376,742	132,546	7,372	9,681	23,527	12,890*
1. General Motors Corp.											
1988	663,495	126,100	7,263	68,987	1,727	318,067	67,705	3,322	5,590	25,149	40,185
1987	463,805	101,785	4,652	61,590	1,731	181,043	75,163	2,070	4,058	7,414	24,360
2. Ford Motor Co.											
1988	291,566	81,258	137	12,341	2,033	123,239	48,241	3,612	3,780	5,098	11,827
1987	266,341	77,805	604	16,467	1,441	114,458	33,786	4,654	3,356	13,606	164
3. Chrysler Corp.											
1988	242,902	61,258	1,400	8,576	444	106,278	28,155	469	5,772	11,138	19,412
1987	181,875	44,401	2,304	24,214	696	81,241	23,597	649	2,267	2,506	—
6. Cereals											
1988	\$ 835,825	\$ 30,200	\$ 2,657	\$ 43,879	\$ 12	\$504,322	\$184,274	\$42,880	\$25,201	\$ 1,156	\$ 1,244
1987	697,150	21,836	921	1,535	8	435,620	173,519	41,522	21,282	1,432	304
1. Kellogg Co.											
1988	369,115	5,732	158	14,953	—	288,843	42,175	13,792	3,462	—	72
1987	303,503	3,363	71	156	—	230,661	48,452	16,771	4,012	17	—
2. General Mills Inc.											
1988	210,324	5,172	—	12,492	5	74,172	102,159	1,804	12,908	929	683
1987	165,358	3,487	—	199	—	60,954	87,847	2,802	9,434	428	207
3. Philip Morris Companies Inc.											
1988	107,291	4,134	712	3,419	—	55,442	21,361	16,952	4,547	227	497
1987	107,340	7,334	—	61	8	65,462	14,729	14,159	4,590	988	9
4. Quaker Oats Co.											
1988	74,970	11,013	645	4,154	7	41,641	7,469	8,430	1,279	—	332
1987	53,103	4,892	718	272	—	30,670	10,708	5,110	733	—	—
5. RJR Nabisco Inc.											
1988	41,775	—	—	4,773	—	33,147	374	831	2,626	—	24
1987	34,761	273	35	100	—	29,061	2,671	893	1,728	—	—
7. Miscellaneous retail											
1988	\$ 818,886	\$ 33,424	\$ 2,572	\$ 281,509	\$ 4,202	\$ 86,011	\$357,107	\$ 783	\$10,886	\$26,829	\$ 15,563
1987	797,035	25,114	1,319	317,923	3,318	55,278	347,988	107	9,186	21,803	14,999
1. Cotter & Co.											
1988	55,752	5,041	838	471	70	9,501	18,345	157	1,786	18,284	1,259
1987	44,417	3,687	78	424	49	4,761	19,713	60	1,652	12,488	1,505
2. Whitman Corp.											
1988	41,728	—	—	542	56	15,413	25,717	—	—	—	—
1987	34,985	—	—	975	80	12,250	21,680	—	—	—	—
3. US Shoe Corp.											
1988	35,011	25	37	1,078	35	452	33,252	—	—	—	132
1987	25,705	—	17	833	25	—	24,767	—	—	—	63

	Nine-media total \$(000)	LNA Magazines \$(000)	LNA Newspaper supplements \$(000)	MEDIA RECORDS Newspapers \$(000)	LNA Outdoor \$(000)	BAR Network television \$(000)	BAR Spot television \$(000)	BAR Syndicated television \$(000)	BAR Cable-tv networks \$(000)	BAR Network radio \$(000)	RER Spot radio \$(000)
4. Walgreen Co.											
1988	32,111	33	—	14,013	—	—	12,306	—	—	—	5,759
1987	34,980	22	—	21,348	—	—	9,784	—	—	—	3,826
5. Jack Eckerd Corp.											
1988	24,992	357	—	3,675	172	1,195	16,908	—	1,310	—	1,375
1987	27,598	697	—	5,981	74	1,458	16,404	—	1,575	—	1,409
6. Bear											
1988	\$ 585,913	\$ 17,951	\$ 758	\$ 20,097	\$22,467	\$394,891	\$235,063	\$15,969	\$33,830	\$15,391	\$129,496
1987	533,961	21,000	270	19,598	22,483	385,765	203,724	13,151	31,552	19,698	136,732
1. Anheuser-Busch Cos. Inc.											
1988	386,344	10,115	755	8,454	5,802	203,349	71,547	9,377	21,325	15,391	40,229
1987	359,218	8,769	41	9,009	8,323	172,097	73,508	4,934	22,570	19,086	40,881
2. Philip Morris Companies Inc.											
1988	189,602	1,158	—	4,987	3,271	120,576	33,803	498	5,133	—	20,196
1987	203,263	3,559	—	4,829	3,034	120,354	39,049	2,846	5,376	53	24,163
3. Adolph Coors Co.											
1988	126,432	2,938	—	1,771	2,897	43,728	50,533	4,796	4,327	—	15,442
1987	98,819	1,671	—	1,601	3,041	54,883	23,770	2,489	1,283	8	10,073
4. Stroh Brewery Co.											
1988	41,610	368	—	753	1,455	19,973	14,048	942	1,115	—	2,956
1987	51,904	295	—	633	752	32,139	11,014	2,836	1,242	518	2,475
5. Bond Corp. Holdings Ltd.											
1988	31,124	660	—	2,692	3,319	1,497	22,956	—	—	—	—
1987	19,089	499	—	1,247	1,503	1,421	14,272	46	67	34	—
7. Food Stores											
1988	\$ 740,463	\$ 998	\$ 124	\$ 326,371	\$10,502	\$ 15,880	\$326,481	\$ 1,235	\$ 372	\$ 213	\$ 58,307
1987	789,084	1,320	159	390,637	11,107	7,836	324,522	1,235	649	207	51,404
1. American Stores Co.											
1988	96,062	262	—	47,769	1,152	—	46,879	—	—	—	6
1987	92,945	48	—	51,125	378	—	41,395	—	—	—	105
2. Kroger Co.											
1988	58,869	19	—	22,704	1,737	—	32,337	—	2	—	2,070
1987	77,464	504	119	30,183	2,871	98	40,679	—	277	—	2,733
3. Safeway Stores Inc.											
1988	47,287	257	—	28,738	524	—	16,607	—	—	—	1,116
1987	54,479	196	—	34,403	429	—	18,338	—	—	—	1,113
4. Winn Dixie Stores Inc.											
1988	37,055	250	—	9,816	139	6,240	18,714	—	364	—	1,532
1987	39,628	143	—	15,252	404	5,223	17,938	17	342	—	309
5. Vons Cos. Inc.											
1988	37,053	—	19	24,758	188	—	10,367	—	—	—	1,721
1987	33,746	—	17	22,316	133	—	9,685	—	2	—	1,593
10. Motion pictures											
1988	\$ 575,700	\$ 5,541	\$ 288	\$ 239,754	\$ 2,508	\$184,109	\$181,264	\$13,098	\$19,539	\$ 2,012	\$ 27,587*
1987	530,603	4,936	152	226,818	1,255	146,040	170,283	5,441	17,188	2,490	25,000*
1. Columbia Pictures Entertainment Inc.											
1988	85,630	355	—	23,176	17	35,658	20,069	978	2,250	971	2,516
1987	69,189	1,136	—	16,263	54	32,221	15,198	666	1,692	1,955	4
2. Warner Communications Inc.											
1988	77,218	61	88	27,834	491	21,966	21,076	2,255	2,006	—	1,441
1987	58,569	31	—	21,213	104	13,173	19,346	1,258	2,421	41	982
3. Gulf & Western Inc.											
1988	69,421	534	—	20,469	39	26,913	16,247	2,388	2,185	444	705
1987	54,164	129	—	20,634	27	11,215	21,267	174	1,855	31	511
4. Walt Disney Co.											
1988	71,151	—	—	13,595	—	14,637	34,482	1,379	1,261	—	5,797
1987	71,335	239	—	17,637	1	9,795	27,719	573	601	—	14,770
5. MCA Inc.											
1988	70,652	2,357	—	15,925	1,522	26,821	14,187	1,400	2,872	73	5,495
1987	49,383	1,269	—	11,431	730	19,701	9,256	86	2,627	52	4,231

* M&M estimates

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B R A N D S

Compiled by Brian Bagot, Steve Damiano and Veronika Ullmer

1. McDONALD'S RESTAURANTS McDonald's Corp.

	Media investments	
	1988	1987
Magazines	\$ 5,475,500	\$ 6,362,500
Natl. Sun. mags.	—	1,235,700
Network tv	245,388,500	216,017,400
Spot tv	127,951,300	128,857,400
Network radio	—	—
Spot Radio	5,158,327	4,548,500
Outdoor	6,302,200	6,595,800
Network cable	1,791,200	1,814,700
Newspapers	527,900	779,500
Natl. synd.	12,356,900	7,594,900
Total	\$404,951,827	\$373,806,400

Marketing/brand management:

Sr exec vp mktg, Paul D. Schrage
Sr vp mktg, Peter A. Nelson
Vp natl mktg, David B. Green
Asst vp media, Laurie A. Grace
Asst vp mktg & media services, Emil Teri
Vp adv, Roy Bergold

Agency: Leo Burnett Co. Inc., Chicago

Exec vp media srves div, Willard Hadlock

Sr vp, media dir, Sally Hunter
Exec vp, client service dir, James Shymkus

Sr vp acct dir, Jerry Conner

Vp acct dir, Barry Krause

Black agency: Burrell Advertising, Chicago

Sr vp-grp dir, Linda Pharr

Vp acct supr, Alan Dinwiddie

Acct supr, Barbara Jackson
Acct exec, Lincoln Carter
Asst acct exec, Deborah Swain
Sr vp media dir, Nick Howse
Media supr, Deborah Gray
Hispanic agency: Conill, N.Y.
Exec vp-acct supr, Noah Sifuentes
Media dir, Nancy Tellet

2. BURGER KING RESTAURANTS Burger King Corp.

	Media investments	
	1988	1987
Magazines	\$ 205,800	—
Natl. Sun. mags.	—	—
Network tv	58,891,300	\$ 66,701,800
Spot tv	85,802,900	95,278,500
Network radio	—	—
Spot radio	8,903,586	4,640,497
Outdoor	970,300	1,090,000
Network cable	1,564,200	492,800
Newspapers	762,500	425,900
Natl. synd.	4,210,300	730,300
Total	\$161,310,866	\$169,359,797

Marketing/brand management:

Exec vp mktg, Tony Lavelly
Dir mkt plng srves, Warren Ellish
Dir new prods, Melanie Wisniewski
Dir prom, Dennis Greenia
Dir adv, Chris Carroll
Dir mktg rsrch, Barry Schwartz
Dirs fld mktg, Dick Ambrose, Ed McPherson
Dir media, Denis Hitchmough
Parent: Pillsbury Co.

Agency: N W Ayer N.Y./L.A.
Exec vp-mnging dir acct srves, Dom Rossi
Sr vp-exec acct dir, Ken McCarren (fld)
Sr vp-mgmt supr, Lee Rubin (natl)
Vp-mgmt supr, Jean Cathcart, Craig Reddick, Jim Signorelli, Peter Varvara (fld)
Vp-acct supr, Alison Danis, Shari Leifer, Jack Rayher (natl)
Sr vp-mnging dir media srves, Marcella Rosen
Sr vp-exec media dir, Jane Twyon
Vp-assoc media dir, Mitch Burg
Media supr, Hugh Meenan, Steve Page, Victor Ruvolo

Minority marketing agency: UniWorld Group, N.Y.

Pres-dir acct srves, Herb Kemp
Vp-grp adv dir, Andy Bonaparte
Vp-dir fld mktg, Micah Chandler
Acct supr, Michele Brown-Jacobs (fld)

Acct exec, Ashley Hodge

Hispanic agency:

Castor Spanish International

3. BUDWEISER BEER Anheuser-Busch, Inc.

	Media investments	
	1988	1987
Magazines	\$ 2,960,100	\$ 3,240,000
Natl. Sun. mags.	370,000	41,200
Network tv	66,022,700	49,126,100
Spot tv	29,365,800	27,172,200
Network radio	6,983,500	7,190,100



Spot radio	9,538,488	11,924,600
Outdoor	3,001,400	3,776,200
Network cable	8,228,700	9,447,600
Newspapers	4,871,100	5,877,200
Natl. synd.	2,679,000	1,978,400
Total	\$134,020,888	\$119,774,600

Marketing/brand management:

Exec vp mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonough
Vp corp media/sports mktg, Charles B. Fruit

Grp brand dir, Tom Sharbaugh

Sr brand mgr, Joe Corcoran

Prod mgrs: Jim Schumacker, Paul Stoddart

Agency: D'Arcy Masius Benton & Bowles, St. Louis

Sr vp-acct grp dir, Todd Abrams

Sr vp-mgmt supr, Jim Palumbo

Vp-acct suprs, Rich Lalley, Fred Wolter

Vp-assoc media dir, Beth Seib

Media mgr, Carol Grisham

Media planner, Carol Ozanich

Hispanic agencies: Castor Spanish International

4. FORD DEALERS

ASSOCIATION FRANCHISE

Ford Motor Division

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$ 42,100	\$ 37,900
Spot tv	84,721,100	71,594,900
Network radio	—	—
Spot radio	2,958,102	6,151,300
Outdoor	900,000	1,326,100
Network cable	—	—
Newspapers	24,962,500	14,985,200
Natl. synd.	—	—
Total	\$113,583,802	\$94,095,400

Marketing/brand management:

Dealer ad mgr, R.W. Lisenby

Parent: Ford Auto Dealers

Association

Agencies include J. Walter Thompson, Detroit

Exec vp-gm, Chuck Balestrino

Sr vp-mgmt dir, Hugh Trenkamp

Sr vp-acct dir, Mike Apple

Media supr, George Sekulidis

Note: JWT is involved with the advertising of about half of Ford's dealer associations; the other associations use their own agencies.

5. AMERICAN AIRLINES PASSENGER SERVICE

American Airlines Inc.

	Media investments	
	1988	1987
Magazines	\$ 8,271,800	\$ 4,171,700
Natl. Sun. mags.	314,300	58,000
Network tv	22,264,300	25,946,500
Spot tv	16,296,300	19,181,100
Network radio	540,800	976,200
Spot radio	25,165,300	15,318,400
Outdoor	193,500	222,100
Network cable	642,800	809,100
Newspapers	27,516,700	34,332,200
Natl. synd.	—	—
Total	\$101,205,800	\$101,015,300

Marketing/brand management:

Sr vp mktg, Michael W. Gunn

Vp sls & adv, M.A. Buckman

Mging dir adv, James Simon

Vp corp comm, Lowell C. Duncan

Mrgs adv: William E. Quackenbush,

Bruce Goodyear, Andrea Spica, Ann

White, R.S. Fisher

Mging dir sales prom, Frank J.

DiNuzzo

Mrg adv admin, Gregg Mavico

Mrg intl adv, L.C. Quintiliani

Parent: AMR Corp.

Agency: Bozell Jacobs Kenyon & Eckhardt, Dallas

Exec vp-acct dir, Paul Gold

Vp, Kate Manroe

Sr vp-mgmt supr, Patsy Tryon

Vp-research dir, Glenn Geller

6. KENTUCKY FRIED CHICKEN FOOD SERVICE

PepsiCo Inc.

	Media investments	
	1988	1987
Magazines	—	\$ 54,700
Natl. Sun. mags.	—	—
Network tv	\$ 55,805,400	68,732,200
Spot tv	39,639,600	38,138,100
Network radio	—	—
Spot radio	755,154	780,200
Outdoor	460,000	1,162,100
Network cable	367,500	893,600
Newspapers	—	—
Natl. synd.	3,495,500	3,185,800
Total	\$100,523,154	\$112,946,700

Marketing/brand management:

KFC Natl. Adv. Cooperative, Inc.

Exec dir, Phillip E. Risinger

Vp mktg dir, Michael O. Willson

Mrg adv srvc, Susan Yates

KFC Corporation

Sr vp mktg, Lawrence E. Beeson

Vp field mktg, Tom Cross

Vp mktg, Lynn Bace

Vp new products mktg, Sylvester Sosnowski

Agency: Young & Rubicam, N.Y.

Exec vp-worldwide acct dir, Jane Brite

Sr vp-Mgmt supr, Tony Pace

Vp-acct spvr, Ellen Hyde

Acct supr, Cathy Damico

Acct execs, Tom Sebok, Bill Mears

Asst acct exec, Lori Warren

Sr vp-media dir, George Sharpe

Vp-media grp supr, Rich Alcott

7. AMERICAN EXPRESS CREDIT CARD SERVICES

American Express Co.

	Media investments	
	1988	1987
Magazines	\$11,568,900	\$11,433,000
Natl. Sun. mags.	578,600	1,074,700
Network tv	51,559,900	42,236,900
Spot tv	16,131,000	21,125,200
Network radio	11,400	—
Spot radio	4,876,030	3,063,900
Outdoor	—	7,400
Network cable	1,488,100	684,100
Newspapers	10,974,800	11,439,800
Natl. synd.	1,525,000	1,689,800
Total	\$98,713,730	\$92,754,800

Marketing/brand management:

Pres consumer card grp, Kenneth

Chenault

Vp adv (personal card), Carlos

Ordenez

Exec vp-gen mgr (gold card/platinum card), John Sutphen

Vp adv (gold card), Pamela Guyot

Dir adv (gold card), Peggy Mitchell-

King

Agencies: Ogilvy & Mather, N.Y.

Sr vp-grp dir, David Warden

Vp-mgmt suprs, Harold Sogard, June Blocklin

Sr vp-assoc media dir, Wilma

Epstein

Vp-asst media dir, Linda Fidelman

McCann-Erickson, N.Y.

(Gold Card)

Sr vp-mgmt rep, Ed Comiskey

Vp-mgmt supr, Linda Boothby

Sr vp-grp media dir, George Hayes

8. AT&T COMPANY GENERAL PROMOTION

American Telephone & Telegraph Co.

	Media investments	
	1988	1987
Magazines	\$12,951,200	\$17,375,800
Natl. Sun. mags.	—	56,700
Network tv	73,307,200	49,914,800
Spot tv	2,246,000	6,758,600
Network radio	385,200	3,400,700
Spot Radio*	1,729,200	1,127,400
Outdoor	—	—
Network cable	1,817,900	1,402,000
Newspapers	38,500	1,400
Natl. synd.	1,438,700	694,800
Total	\$93,913,900	\$80,732,200

Marketing/brand management:

Corp adv dir, R. Markwardt
Dir adv svcs, R.W. Watson
Corp media mgr, M. Seduski
Corp brdest mgr, D.K. Ritter
Div mgr, R.Z. Manna
District mgrs, J.R. Byrne, L.B. Urben, A.M. Winters
Staff mgrs, J. Finore, M. Thiem
Agencies: NW Ayer, N.Y.
Sr vp-exec acct dir, J. Keeler
Sr vp-mgmt supr, F. McClafferty
Vp acct supr, V. Niemann
Sr vp-exec media dir, Jane Twyon
Assoc media dir, Jay Kearney
Ogilvy Mather, N.Y. (intl)
Sr vp grp dir, G.K. O'Dea
Sr vp-mgmt supr, C. Round
Minority/college recruitment agency: Uniworld, N.Y.
Sr vp gm, H. Morales
Vp-acct supr, L. Dukette

9. WENDY'S RESTAURANTS

Wendy's International Inc.

	Media investments	
	1988	1987
Magazines	—	\$ 482,700
Natl. Sun. mags.	—	—
Network tv	\$49,308,900	46,771,900
Spot tv	31,301,800	31,666,700
Network radio	—	—
Spot radio	528,832	469,400
Outdoor	1,746,600	2,022,500
Network cable	902,400	143,000
Newspapers	162,500	318,700
Natl. synd.	2,885,400	750,200
Total	\$86,836,432	\$82,625,100

Marketing/brand management:

Exec vp, Charles Rath



10. RED LOBSTER RESTAURANTS

Red Lobster Inns of America

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$39,451,700	\$36,935,500
Spot tv	9,534,900	10,225,700
Network radio	—	—
Spot radio	34,610,000	100,900
Outdoor	219,900	263,600
Network cable	408,200	94,400
Newspapers	94,300	127,600
Natl. synd.	1,080,700	631,400
Total	\$85,399,700	\$48,379,000

Marketing/brand management:

Exec vp mktg, Mike Dimopoulos
Mgr long range media strategy, Leslie Fontenot
Parent: General Mills, Inc.
Agency: Grey Advertising, N.Y.
Exec vp, Jordan Rosuck



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11. PIZZA HUT RESTAURANTS

Pizza Hut, Inc.

	Media investments	
	1988	1987
Magazines	\$ 101,300	\$ 124,600
Natl. Sun. mags.	—	—
Network tv	24,308,900	23,529,300
Spot tv	55,383,700	54,017,100
Network radio	222,000	146,700
Spot radio	666,456	671,300
Outdoor	434,700	335,700
Network cable	907,800	4,500
Newspapers	418,300	666,100
Natl. synd.	840,100	—
Total	\$83,283,256	\$79,495,300

Marketing/brand management:

Sr vp mktg, David Novak

Sr dir adv, Steve Farley

Dir media & field mktg, Claude Caylor

Parent: PepsiCo

Agency: BBDO, N.Y.

Exec vp sr mgmt, Joe Barrett

Vp mgmt rep, Terry Davenport

Acct suprs, Liz Hilton, Sean Clarkin

Exec vp dir of media prgm, Arnie Semskey

Sr vp assoc media dir, Mike Hedge

12. BUD LIGHT BEER

Anheuser-Busch Inc.

	Media investments	
	1988	1987
Magazines	\$ 1,126,100	\$ 867,500
Natl. Sun. mags.	—	—
Network tv	41,609,900	32,736,600
Spot tv	14,539,600	16,013,500
Network radio	1,094,900	1,309,500
Spot radio	4,290,954	6,330,200
Outdoor	701,400	1,425,700
Network cable	4,765,800	5,249,600
Newspapers	317,100	284,900
Natl. synd.	1,290,700	645,100
Total	\$81,346,454	\$64,862,700

Marketing/brand management:

Exec vp mktg, Micahel Roarty

Vp brand mgmt, Jack MacDonough

Vp corp media-sports mktg, Charles B. Fruit

Grp brand dir, Tom Sharbaugh

Sr brand mgr, Joe Corcoran

Prod mgrs, Paul Stoddart, Jim Schumacher

Agency: DDB/Needham, Chicago

Vp assoc media dir, Gary Mueller

Media sup, Daniel Ziski

Media asst, Diane Pastor

Print buyer, Marie Lehan

Acct sup, Marc Leither

Acct exec, Bob Merlotti

13. OLDSMOBILE PASSENGER CARS

General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$12,643,400	\$ 5,391,800
Natl. Sun. mags.	127,500	—
Network tv	42,277,600	9,529,800
Spot tv	14,081,400	1,363,700
Network radio	—	—
Spot radio	—	376,505
Outdoor	12,200	17,900
Network cable	411,100	78,000
Newspapers	9,260,300	4,959,100
Natl. synd.	146,900	137,700
Total	\$78,960,400	\$21,854,505

Marketing/brand management:

Mgr mktg res & analysis, Karen Hadel

Agency: Leo Burnett Co.

Exec vp, Jim Oates

Sr vp client svc dir, Ted Jordan (Detroit)

Acct execs (Detroit), Pam Dunn, Jim Ryan, Larry Doyle

Exec vp media svcs, Willard Hardlock

14. MILLER LITE BEER

Miller Brewing Co.

	Media investments	
	1988	1987
Magazines	—	\$ 304,100
Natl. Sun. mags.	—	—
Network tv	\$49,289,400	59,846,700
Spot tv	14,836,300	10,144,600
Network radio	—	26,400
Spot radio	9,943,100	8,382,600
Outdoor	1,127,600	886,300
Network cable	2,333,600	2,584,100
Newspapers	336,500	294,700
Natl. synd.	438,800	1,345,500
Total	\$78,305,300	\$83,815,000

Marketing/brand management:

Vp brand & promotion, Robert A. Toledo

Low calorie category dir, Tamara J. Hauck

Dir adv svcs, Robert Ward

Brand mgr, Draft Light, Kevin Tripp

Brand advg mgr, Rick Burton

Brand bus mgr, Tom Cardella

Parent: Philip Morris Cos.

Agency: Backer, Spielvogel, Bates N.Y.

Pres, Dean Scaros

Sr vp-grp dir, Frank J. Assumma

Vp-mgt rep, Paul Danusis

Vp-acct sup, Don Moriarty

Acct sup, J.B. Raftus

Vice chairman, Stephen Leff

Media dir, Jay Schoenfeld

Assoc media dir, James Geoghegan

Hispanic Agency: Mendoza, Dillon & Asociados Inc. Newport Beach, Calif.

Vp acct svcs, Eduardo Del Rivero

Black Agency: Mingo Group

15. DELTA AIR LINES

PASSENGER SERVICE

Delta Air Lines Inc.

	Media investments	
	1988	1987
Magazines	\$ 589,300	\$ 1,046,800
Natl. Sun. mags.	—	—
Network tv	23,142,800	14,030,400
Spot tv	6,606,500	12,888,200
Network radio	—	—
Spot radio	19,154,200	19,366,500
Outdoor	1,328,500	1,359,900
Network cable	1,601,700	3,245,200
Newspapers	25,205,100	20,114,200
Natl. synd.	126,600	—
Total	\$77,754,700	\$72,051,200

Marketing/brand management:

Sr vp mktg, W.W. Hawkins

Asst vp adv & sales prom, Judy Jordan

Mgr adv, Sandy Rowan

Agency: BBDO, Atlanta

Pres ceo, Don Mitchum

Exec vp-acct sup, Jack Walz

Exec vp creative dir, Gregg Dearth

Sr vp media dir, Martin Hollinger

16. SEARS

MISCELLANEOUS BRANDS

Sears Roebuck & Co.

	Media investments	
	1988	1987
Magazines	\$ 1,005,900	\$ 1,467,200
Natl. Sun. mags.	92,000	1,010,500
Network tv	4,611,800	4,376,800
Spot tv	4,345,200	7,917,000
Network radio	12,501,000	12,458,900



Spot radio	4,715,650	3,207,584
Outdoor	315,600	289,200
Network cable	97,000	87,500
Newspapers	45,529,200	47,023,500
Natl. synd.	8,800	—
Total	\$73,222,150	\$77,838,184

Marketing/brand management:

Natl retail adv mgr, S. Scott Harding
Natl adv srvc mgr, Celeste Gosman
Mgr natl media oper, Bernie Miller
Vp mktg, Thomas Morris
Sr vp mnging mgr, Donald Holmes
Agency: Ogilvy & Mather, Chicago
(retail and catalog advertising,
network tv, network radio, spot tv
and spot radio)

Exec vp-pres, Bill Whitney
Sr vp mnging dir, Bruce Beach
Sr vp client srvc dir, Al Mager
Vp mgmt supr, Dan Delaney
Sr vp mgmt supr, Bruce Jasurda
Vp acct supr, Jeff Totaro
Sr vp media dir, Tom Bell
Vp asst media dir, Jacque O'Connor
Vp-dir network brdest, Kay Durkin
Vp assoc media dir, Marilyn Kelly
Media supr, Dave Rasmussen
Vp media supr, Dave Flockencier
Media plnrs, Roman Martens, Jill
Lamgan, JoAnn Farrington, Robin
Sprague

Vince Cullers Advertising, Chicago

Acct supr, George Boykin
Acct exec, Steve Pickett
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno
**Mendoza, Dillon & Asociados
Inc., Newport, Ca.**
Acct exec, Marta Derdes

17. AT&T LONG DISTANCE

(Domestic, residential)

**American Telephone
& Telegraph Co.**

	Media investments	
	1988	1987
Magazines	\$14,907,500	\$14,175,600
Natl. Sun. mags.	1,841,600	1,575,000
Network tv	21,476,100	32,826,000
Spot tv	17,459,500	5,462,100
Network radio	9,996,500	5,900,500
Spot radio	607,229	—
Outdoor	—	7,700
Network cable	3,101,100	2,707,000
Newspapers	(no data)	6,917,200*
Natl. synd.	2,733,700	2,627,000
Total	\$73,123,200	\$72,198,100

*M&M estimates

Marketing/brand management:

Adv dir, K. M. Armstrong
Adv mgrs: Jane Kleban, Stephen
Block, Bruce Carlson
Dir consumer mkt mgr, J. Ryan
**Agency: Young & Rubicam, New
York**

(special long distance srvs)

Sr vp-grp dir, Mort Lowenstein

Sr vp-mgmt supr, Barbara Jack

Vp mgmt supr, Jonas Wagner

NW Ayer, New York

(domestic consumer long distance)

Exec vp-mnging dir, acct srvc, David
Gantman

Sr vp-mgmt supr, Anne MacDonald

**Ogilvy & Mather Direct (domestic
consumer long distance)**

Sr vp-mnging dir, Shelley Lazarus

Vp-exec acct dir, Cynthia Grant

Hispanic markets agency:

Bermudez & Assoc., L.A.

Chmn-ceo, Eduardo Bermudez

Puerto Rico Agency:

Marti Flories Prieto & Wachtel

Chmn-ceo, Enrique Marti-Coll

18. UNITED AIRLINES

PASSENGER SERVICE

United Air Lines, Inc.

	Media investments	
	1988	1987
Magazines	\$ 7,687,000	\$ 7,057,700
Natl. Sun. mags.	187,000	67,600
Network tv	39,842,500	30,117,400
Spot tv	10,828,600	11,072,000
Network radio	4,061,000	1,829,800
Spot radio	7,126,337	7,497,300
Outdoor	101,300	59,800
Network cable	1,918,200	1,482,600
Newspapers	187,000	15,507,100
Natl. synd.	—	—
Total	\$71,937,937	\$74,691,300

Marketing/brand management:

Exec vp mktg & plng, John R.

Zeeman

Vp adv, John Ruhaak

Dir adv, Bill Alenson

Mgr, Bill Groundwater

Parent: United Air Lines Corp.

**Agency: Leo Burnett Co. Inc.,
Chicago**

Sr vp-acct dir, Jim Thompson

Vp acct supr, Steve Crawford

Vp-acct supr, John Goad

Acct supr, Wendy Peters

Exec vp media srvc div, Willard
Hadlock

Vp media dir, Mary Ann Cycyota

Asst media dir, Stephanie Massler

19. SEARS HOUSEHOLD ITEMS

Sears Roebuck & Co.

	Media investments	
	1988	1987
Magazines	\$ 819,900	\$ 3,018,300
Natl. Sun. mags.	139,000	714,600
Network tv	6,107,700	332,000
Spot tv	1,926,000	34,900
Network radio	13,962,900	14,866,400
Spot radio	2,875,825	2,726,157
Outdoor	18,300	9,600
Network cable	190,300	400
Newspapers	45,521,400	49,568,400
Natl. synd.	18,300	—
Total	\$71,579,625	\$71,270,757

Marketing/brand management:

Vp mktg, Thomas Morris

Mgr admin & oper, William Cora

Natl rtl adv mgr, S. Scott Harding

Creative dir retail adv, Celeste

Gosman

Mgr retail ad svc, Ed Ehorn

Mgr natl media oper, Bernie Miller

Mgr retail media oper, Skip

Westerhold

Electronic proj dir, Robert Zechel

**Agencies: Ogilvy & Mather,
Chicago**

(retail and catalog advertising,
network tv, network radio, spot tv
and spot radio)

Pres, Bill Whitney

Sr vp mnging dir, Bruce Beach

Sr vp client srvc dir, Al Mager

Vp mgmt supr, Dan Delaney, Bruce

Jasurda

Acct supr, Jeff Totaro, Ann Rother,

Chuck Otto, Ole Riise, Brian Kelly

Sr vp media dir, Tom Bell

Assoc media dir, Jacque O'Connor

Dir natl bdest, Kay Durkin

Vp assoc media dir, Marilyn Kelly

**Mendoza Dillon & Assoc., Newport
Beach, Calif.**

Vp acct supr, Marta Perdes-Gerdes

Vince Cullers Advertising, Chicago

Acct supr, George Boykin

Sr vp media dir, Jeff Cullers

Media dir, Ed Renno





20. HYUNDAI EXCEL

Hyundai Motor America

	Media investments	
	1988	1987
Magazines	\$ 7,335,600	\$ 7,815,600
Natl. Sun. mags.	24,600	—
Network tv	32,483,300	12,774,200
Spot tv	21,605,900	29,046,600
Network radio	—	—
Spot radio	7,445,400*	—
Outdoor	—	—
Network cable	458,300	—
Newspapers	258,100	853,000*
Natl. synd.	1,186,700	—
Total	\$70,797,900	\$50,489,400

*M&M estimates

Marketing/brand management:

Group vp, sls & mktg, Greg Warner
Vp, mktg, Jack Collins
Natl adv mgr, Joe Corey
Dealer assoc & media mgr, Bruce Goren

Agency: Backer Spielvogel Bates, Irvine, Calif.

Sr vp-mgmt rep, Harry Grusche
Vp-acct sup, Bob Svete
Vp-acct dir, Michael Russell (NY)
Acct sup, merchandising, Paula Dyba
Sr vp, grp media dir, Charles Rutman (NY)

21. TACO BELL RESTAURANTS

Taco Bell Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$ 5,497,600	\$ 6,224,500
Spot tv	58,660,200	56,324,000
Network radio	—	—
Spot radio	5,321,000	4,436,300
Outdoor	351,000	492,000
Network cable	305,200	—
Newspapers	118,600	44,900
Natl. synd.	—	—
Total	\$70,253,600	\$67,491,900

Marketing/brand management:

Sr vp mktg, Timothy J. Ryan
Vp mktg, George Reynolds
Dir media svcs, Keith Landau
Mrg media svcs, Emily Adelman
Assoc mgr media svcs, Mary Panus
Div dirs mktg, Craig Held, David Brooker, Joel Oberman
Vp mktg svcs, Peter McNally
Vp mktg dev, Karen Eadon
Parent: PepsiCo

Agency: Tracy-Locke, L.A.
Exec vp mgmt rep, Dan Michele
Sr vp acct supr, Ken Gal
Vp assoc media dir, Walter Atkinson

22. PEPSI-COLA

PepsiCo

	Media investments	
	1988	1987
Magazines	\$ 301,200	\$ 105,300
Natl. Sun. mags.	93,500	—
Network tv	21,164,400	9,482,900
Spot tv	38,603,300	42,783,100
Network radio	—	—
Spot radio	5,651,200	5,832,400
Outdoor	1,303,400	1,804,200
Network cable	729,000	1,616,600
Newspapers	1,547,500	3,092,800
Natl. synd.	93,100	64,800
Total	\$69,486,600	\$64,782,100

Marketing/brand management:

Exec vp mktg & natl sales, Mike Lorelli
Dir advg, Peter Foulds
Vp media, Rick Rock
Assoc media dir, Mary Ann Power
Agency: BBDO, N.Y.

Sr vp mgmt rep, Bill Katz
Vp acct supr, Jeff Mordos
Exec vp dir media svcs, Arnie Semskey
Sr vp dir media plng svcs, Mike Drake
Sr vp dir network tv & prog, Steve Grubbs
Sr vp-assoc media dir, Ivan Becker
Sr vp assoc network dir, Stu Shlossman
Media suprs, Rene Goldmuntz, Donna White
Media plnr, Claudia Ryan
Network supr, Karen Levin
Minority Agency: Shiboney Advertising, N.Y.
Gm, Roger Pisani
Vp acct supr, Carla Trum
Acct exec, Melissa Quinoy
Vp media dir, Meg Bernot
Media supr, Joe Pena

23. TOYOTA DEALERS ASSOCIATION FRANCHISE

Toyota Motor Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$64,716,800	\$47,452,200
Network radio	—	—
Spot radio	2,237,798	2,159,800
Outdoor	7,100	11,000
Network cable	—	—
Newspapers	2,463,000	980,300
Natl. synd.	—	—
Total	\$69,424,698	\$50,603,300

Marketing/brand management:

Vp strat plng & mktg (Toyota), George Borst
Corp mktg mgr (Toyota), David Danzer
Adv mgr (TDA), Leo Parente
Adv mgr (trucks), Don Cecconi
Adv admin (TDA), Joy Greenlee
Agency: Saatchi & Saatchi DFS, Torrance
Vp acct supr internal oper., Pat Wong
Vp bus dev mgr, Monte Zator
Exec vp mgmt dir retail div (TDA), Bob Cormier

24. COCA-COLA CLASSIC

Coca-Cola USA

	Media investments	
	1988	1987
Magazines	\$ 268,300	\$ 323,300
Natl. Sun. mags.	—	—
Network tv	36,054,900	15,743,600
Spot tv	19,095,700	13,302,600
Network radio	146,500	390,900
Spot radio	3,118,522	2,067,900
Outdoor	60,800	69,500
Network cable	1,655,500	1,380,500
Newspapers	2,656,400	1,300,300
Natl. synd.	5,247,900	2,377,000
Total	\$68,304,622	\$36,955,600

Marketing/brand management:

Vp-dir mktg planning, Michael Beindorff
Grp brand dir, sugar colas, Donald Lenehan
Assoc brand mgr, Nancy Gibson
Dir consumer research, Jerry Payne
Vp-Black & Hispanic mktg, Chuck Morrison



Dir mktg srvc, Ty Taylor
 Vp corp media dir, William H. Lynn
 Dir of media, C-C USA, Chris Gagen

Agency: McCann-Erickson, N.Y.

Exec vp-gen mgr, Gene O'Sullivan

Vp-acct supr, Gunnar Wilnot

Acct execs, Bill Grogan, Kristine Swanson

Exec vp-worldwide media srvc, Gordon Link

Exec vp-natl media dir, Ira Carlin

Sr vp-plng mgr, George Hayes

Vp-assoc media dir, Kevin Markson

Vp-media grp head, Ray Moorehead

Vp-worldwide coor, Ron Hatcher

Media plnr, Robert Patton

Worldwide coors, Bill Van Ingen

Liz Samurovich

Black agency: Burrell Advertising

Sr vp-gm, Sarah Burroughs

Vp-acct supr, Neva Richardson

Vp-media dir, Nick Howse

Media supr, Michelle Garner

Hispanic agency: Castor Spanish International

Pres, Castor Fernandez

Acct exec, Larry Galindo



Po-Boys?

Coca-Cola Classic increased its ad expenditures over \$32 million in 1988.

25. CHEVROLET DEALERS ASSOCIATION FRANCHISE

Media investments
 1988 1987

Magazines		
Natl. Sun. magz.		
Network tv		
Spot tv	\$57,522,300	\$39,937,400
Network radio		
Spot radio	1,610,135	429,400
Outdoor		1,200
Network cable	14,000	
Newspapers	5,382,300	44,171,800
Natl. synd.		
Total	\$64,628,735	\$44,539,800

Marketing brand management:

Chevrolet Div., General Motors;
 Gen mgr, J.C. Perkins

Gen sales & srvc mgr, Robert W. Starr

Gen mktg mgr, Michael H. Erdman

Not quite. Even the man on the street can eat like a king in New Orleans. Whether the fare is a po-boy sandwich or blackened red-fish, New Orleanians add a rich, unique flavor to the words "home cooking."

So it's not suprising that New Orleanians spend a higher percentage of their income on food than city dwellers anywhere else in the United States.* If you'd like an introduction to these insatiable appetites, call Lester Key at (504) 826-3000.

* Source: Department of Economics and Business Research, Southeastern Louisiana University

The Times-Picayune's Weekly Coverage of the New Orleans Food Market:

Grocery Shoppers	
Past 7 Days	94%
Adults Who Spend	
\$100 Or More	
A Week On Food	91%

Source: Belden CMS, Mar.-Dec. 1988



The Times-Picayune



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Asst gen sales mgr, Edd K. Roggenkamp III
Mktg mgrs, Steve D. McAvoy (passenger cars), Frank F. Raine (trucks)
Mrgs adv: Danielle K. Collier (passenger cars), Candace Robbins (trucks)
Dir area mktg, Jeff P. Huribert
Parent: General Motors Corp. Dealers Assoc.
Agencies: Various
Chosen by 157 dealer associations nationwide

26. MICHELOB BEER

Anheuser-Busch, Inc.

	Media investments	
	1988	1987
Magazines	\$ 1,447,700	\$ 1,098,400
Natl. Sun. mags.	—	—
Network tv	39,171,600	34,076,000
Spot tv	6,085,600	6,807,100
Network radio	4,825,700	6,942,300
Spot radio	2,041,200	2,128,300
Outdoor	190,600	536,700
Network cable	3,983,600	3,485,500
Newspapers	2,416,700	948,000
Natl. synd.	3,133,900	1,238,500
Total	\$63,296,600	\$57,261,100

Marketing/brand management:
Exec vp dir mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonald
Vp corp media/sports mktg, Charles B. Fruit
Grp brand dir, Robert Goughenour
Sr brand mgr, Peter C. Rozzell
Prod mgr, Anne E. Suppiger
Agency: DDB/Needham
Worldwide, Chicago
Acct supr, Jack Rooney
Acct exec, Alan Cohen
Asst acct exec, Jeri Davis
Sr vp-grp acct dir, John Greening
Vp-assoc media dir, Geoffrey McClelland
Media supr, Matt Langan
Media plnr, Jennifer Adamson
Asst media plnr, Karen Kawking
Hispanic Agency: Castor Spanish International Inc.

**The index to
the Top 200
can be found
on page 43.**

27. CIRCUIT CITY STEREO STORES

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	\$ 19,600	—
Network tv	—	—
Spot tv	30,942,400	\$26,353,700
Network radio	—	—
Spot radio	2,800	—
Outdoor	—	—
Network cable	6,600	—
Newspapers	29,653,500	25,123,500
Natl. synd.	—	—
Total	\$60,624,900	\$51,477,200

Marketing/brand management:
Corp ad dir, Greg Jones
Agency: Circuit City Advertising
Exec vp, W.D. Rivas
Media mgr, Carol Stant

28. MILLER GENUINE DRAFT BEER

Miller Brewing Co.

	Media investments	
	1988	1987
Magazines	\$ 42,800	\$ 929,400
Natl. Sun. mags.	—	—
Network tv	44,213,300	45,065,200
Spot tv	8,258,300	4,411,200
Network radio	—	26,400
Spot radio	4,086,800	4,651,400
Outdoor	300,000	4,700
Network cable	2,046,700	1,930,100
Newspapers	—	—
Natl. synd.	11,800	1,312,600
Total	\$58,959,700	\$8,331,000

Marketing/brand management:
Vp brand & prom, Robert Toledo
Premium cat dir, Scott C. Steward
Brand mgr, Ralph Kytan
Dir adv svcs, Robert Ward
Asst brand mgr, Rob Olejniczak
Parent: Philip Morris Co.
Agency: Backer Spielvogel Bates, N.Y.
Pres, Dean Scaros
Vp mgmt rep, Tom Cotton
Vp acct supr, Andrew Rider
Acct execs, Laura Sawyer, Bob Sacco
Asst acct exec, Chip Telerico
Vice chmn, Steve Leff

Media dir, Jay Schoenfeld
Vp grp media dir, Bill McCarron
Media supr, Dave Kupiec
Black Agency: Mingo-Jones Advertising
Hispanic Agency: Mendoza, Dillon Asociados, Newport Beach, Calif.

29. MACY'S HOUSEHOLD ITEMS

Macy Acquiring Corp.

	Media investments	
	1988	1987
Magazines	\$ 261,800	\$ 86,300
Natl. Sun. mags.	49,100	97,700
Network tv	—	—
Spot tv	2,125,100	2,992,100
Network radio	—	—
Spot radio	264,440	276,400
Outdoor	—	—
Network cable	—	—
Newspapers	55,225,800	53,603,800
Natl. synd.	—	—
Total	\$57,926,240	\$57,056,300

Marketing/brand management:
Sr vp sls & prom, Rosanne Cooper
Mktg dir brdst, Howard Adler
Prod admin, Joe Civitillo
Agency: In-House

30. COORS LIGHT BEER

Adolph Coors Co.

	Media investments	
	1988	1987
Magazines	\$ 1,090,500	\$ 446,200
Natl. Sun. mags.	—	—
Network tv	24,615,200	23,100,600
Spot tv	21,168,700	8,762,200
Network radio	—	—
Spot radio	5,157,700	3,165,800
Outdoor	483,900	593,900
Network cable	2,088,500	532,300
Newspapers	217,500	110,700
Natl. synd.	2,427,900	1,264,500
Total	\$57,249,900	\$37,976,200

Marketing/brand management:
Exec vp sales & mktg, Robert A. Recholtz
Vp brand mktg, Gary Naifeh
Brand dir, June Smith
Brand mgr, Bob McBride
Vp intl mktg devel, Rob Klugman
Agency: Foote, Cone & Belding, Chicago
Sr vp-grp acct dir, Dan Fox
Vp mgmt dir, Dave Sollitt
Acct dir, Tom Hollerbach



Acct execs, Patrick Conboy, Charles Wickman, Dan Zigulich
Sr vp media, Fred Wray
Vp-grp media dir, Kent Vlautin
Media suprs: Mary Salmich, Judith Salas, Mark Dominiak
GSD&M, Austin, TX
Chmn, Steve Gurasich
Sr vp, Chuck Grady
Dir Hispanic svcs, Raoul Rodriguez
Corp & pub affairs dir, Hank Olguin
Vp-assoc media dir, Tina Williamson

31. TRUE VALUE STORES

Cotter & Co.

	Media investments	
	1988	1987
Magazines	\$ 5,041,400	\$ 3,687,100
Natl. Sun. mags.	838,300	78,000
Network tv	9,501,400	4,761,200
Spot tv	18,305,100	19,712,700
Network radio	18,283,600	12,488,100
Spot radio	1,258,700	1,505,000
Outdoor	69,800	49,100
Network cable	1,785,900	1,652,100
Newspapers	471,100	423,900
Natl. synd.	157,000	60,200
Total	\$55,712,300	\$44,417,400

Marketing/brand management:

Gen merch mgr, Jerry Thompson

Agency: Home Products Marketing Association (In-House)

Sls prom mgr, Harry Adams

Adv mgr, Gary Coppinger

32. DIET COKE SOFT DRINK

Coca-Cola USA

	Media investments	
	1988	1987
Magazines	\$ 1,059,100	\$ 631,000
Natl. Sun. mags.	—	—
Network tv	32,897,500	18,748,900
Spot tv	13,574,000	11,733,000
Network radio	135,200	54,400
Spot radio	2,394,372	1,923,400
Outdoor	84,000	54,400
Network cable	1,334,000	1,157,300
Newspapers	361,200	182,300
Natl. synd.	3,667,900	2,917,800
Total	\$55,507,272	\$37,404,800

Marketing/brand management:

Vp & dir mktg planning, Michael Beindorff

Grp brand dir diet colas, Jayar Daily

Brand mgr, Jan Spring

Asst brand mgr, Steve Moore

Dir of media, Chris Gagen

Parent: Coca-Cola Co.

Agency: Lintas: New York

Exec vp, F. Stone Roberts

Sr vp-mgmt supr, Phil Crosland

Sr vp-acct supr, Becky Broers

Sr vp-mgr media plng, Dave Platt

Exec vp-dir media svcs, Louis M. Schultz

Vp-assoc media dir, Sharon Menking

Asst media dir, Lloyd Weber

Media plnr, Sheri Elias

Black agency: Burrell Advertising

Sr vp-gm Sarah Burroughs

Vp-acct exec, Neva Richardson

Vp-media dir, Nick Howse

Media supr, Michelle Garner

Hispanic agency: Castor Spanish International

33. PONTIAC GRAND PRIX

Pontiac Motor Division

	Media investments	
	1988	1987
Magazines	\$ 6,978,200	—
Natl. Sun. mags.	560,100	—
Network tv	34,158,300	—
Spot tv	3,914,500	—
Network radio	—	—
Spot radio*	1,119,100	—
Outdoor	318,300	—
Network cable	756,500	—
Newspapers	4,115,400	—
Natl. synd.	822,000	—
Total	\$52,742,400	—

*M&M estimates

Marketing/brand management:

Gm. J. Michael Losh

Gen sls & svc mgr, E.M.

Schlesinger

Dir mktg, E.H. Smith

Natl & dlr adv, T.J. Maloney

Dir mktg grp mrgs, L.K. Anderson,

Jeff Fernandez

Parent: General Motors Corp.

Agency: DMB&B, Bloomfield Hills, Mich.

Sr vp mgmt supr, Mark Gjovik

Acct mgr, Pat Brown

Acct suprs, Mike Valant, Art Pepin

Sr acct exec, Richard Halladay

Acct execs, Terry Reed, Bob

Nicholls, Jim Holman,

Steve Brown, Michael Talovich

Acct coor, Mary Murphy

Sr vp dir media svcs, George Rogers

Vp media dir, Jim Gagen

34. EASTERN AIR LINES

PASSENGER SERVICE

Eastern Air Lines Inc.

	Media investments	
	1988	1987
Magazines	\$ 870,200	\$ 1,445,500
Natl. Sun. mags.	—	131,800
Network tv	43,900	29,400
Spot tv	5,836,300	5,154,200
Network radio	—	—
Spot radio	4,876,700	9,875,800
Outdoor	475,600	504,400
Network cable	28,000	28,900
Newspapers	40,325,000	30,139,800
Natl. synd.	—	19,000
Total	\$52,455,700	\$47,328,800

Marketing/brand management:

Vp mktg, George Brennan

Mgrs, Robert A. Wolf (vacation adv), Linda Collins (bus adv), Robert J. Bauer (sales prom)

Parent: Texas Air Corp.

Agency: Lintas: Campbell-Ewald

Sr vp dir, Robert F. Henry

Vp acct suprs, T. Steele, D. McAfee

Exec vp dir media svcs, Louis M.

Schultz

Sr vp media mgr, Howard Zoss

Exec vp, Joseph Karle

Sr vp assoc mgmt suprs, Warren

Ruden, Glenn Marrichi, Fernando

Bonet

35. FEDERAL EXPRESS

Federal Express Corp.

	Media investments	
	1988	1987
Magazines	\$ 5,330,700	\$ 658,900
Natl. Sun. mags.	—	—
Network tv	31,698,300	4,049,900
Spot tv	12,517,300	1,127,800
Network radio	—	—
Spot radio	1,043,000	565,300
Outdoor	—	—
Network cable	64,300	7,400
Newspapers	1,760,700	880,000
Natl. synd.	18,000	—
Total	\$52,432,300	\$6,289,300

Marketing/brand management:

Sr vp mktg, Carole Presley

Vp Express mktg, Mike Glenn

Agency: Fallon McElligott,

Minneapolis

Media dir, Scott Butler

Media strats, Hal Carlson, Coleman

Steele

Acct supr, Eric Block

36. CONTINENTAL AIRLINES PASSENGER SERVICES Texas Air Corp.

	Media investments	
	1988	1987
Magazines	\$ 1,341,600	\$ 732,000
Natl. Sun. mags.	220,800	243,400
Network tv	—	13,000
Spot tv	5,451,900	5,976,800
Network radio	—	—
Spot radio	1,618,200	5,066,500
Outdoor	805,600	680,000
Network cable	160,400	122,600
Newspapers	41,296,900	35,331,200
Natl. synd.	—	—
Total	\$50,895,400	\$48,165,500

Marketing/brand management:

Exec vp mktg, John Nelson
Sr vp mktg, Jim O'Donnell
Sr dir mktg, Richard Metzner
Dir mktg, Vivian Caudle
Parent: Texas Air Corp.
Agency: NW Ayer Inc.
Sr vp media dir, Allen Brivic
Intl media plnr, Tim Jones
Sr vp-gm, William Stabile
Mgmt suprs, Tom Rudy, Carolyn White

**The Pontiac
Grand Prix pulls
into the Top 200
at number 33;
the Import LeMans
at number 82.**

37. OLDSMOBILE DEALERS ASSOCIATIONS

	Media investments	
	1988	1987
Magazines	—	\$ 17,200
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$45,624,100	37,145,700
Network radio	—	—
Spot radio	378,700	7,300
Outdoor	—	36,300
Network cable	—	—
Newspapers	4,844,300	3,028,400
Natl. synd.	—	—
Total	\$50,847,100	\$40,234,900



Marketing/brand management:

Gm, W.W. Lane
Gen sls & svcs mgr, D.E. Lahti
Gen mktg mgr, W.E. Christell
Dir field mktg, R.B. Jarboe
Adv mgr, G.W. Card
Dir field & consumer mktg, R.L. Ross
Strategic mktg mgr, R.J. Billings
Parent: General Motors Corp.
Agencies: Various

38. U.S. ARMY RECRUITING U.S. Army Recruiting Command

	Media investments	
	1988	1987
Magazines	\$ 5,682,100	\$ 7,617,900
Natl. Sun. mags.	—	—
Network tv	26,325,000	24,892,000
Spot tv	8,300	5,500
Network radio	6,542,600	8,976,700
Spot radio	5,440,400	6,161,400
Outdoor	4,700	2,700
Network cable	1,998,100	2,636,100
Newspapers	2,336,000	1,145,300
Natl. synd.	2,498,900	1,970,000
Total	\$50,837,100	\$53,407,600

Marketing/brand management:

Adv & sls prom dir, Col. David Fabian
Deputy dir for acquisition, Thomas Evans
Deputy dir ops, adv & sls prom, Lt Col Ronald L. Morsch
Chief, media & dist. Maj Greg McGuckin
Agencies: Young & Rubicam, N.Y.
Exec vp grp dir, John Glorieux
Sr vp mgmt supr, Bill Green
Vp mgmt supr, Clark Brooks
Grp media supr, Bruce Wager
Media plng suprs: Kerry Dyer, Sara Barrack, Carole Walker
Sr counselor, P.R., Ed Menninger
Dir of promotion, Chuck Windsor
Wunderman Worldwide, N.Y.
Direct Marketing:
Vp mgmt supr, Phil Cheevers
Vp assoc media dir, Karen Harris
Media plng supr, Roberta Haber



39. MIDAS MUFFLER & BRAKE SHOPS Midas International Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$15,412,800	\$12,250,600
Spot tv	25,716,700	21,680,200
Network radio	—	—
Spot radio	7,459,700	6,307,700
Outdoor	55,500	80,300
Network cable	—	—
Newspapers	542,200	974,800
Natl. synd.	—	—
Total	\$49,186,900	\$41,293,600

Marketing/brand management:

Sr vp franchise oper & mktg, Russ Richards
Vp mktg, Ralph Linder
Adv mgr, Karen Greco
Adv svcs mgr, Dan Hull
Parent: Whitman Corp.
Agency: Wells, Rich, Greene, Chicago
Pres, Larry Singer
Exec vp-dir client svcs, Lee Landon
Vp natl acct supr, Earl Arnold
Sr vp dir fld svcs, Stan Flaum
Sr vp media dir, Jill Cassorla
Assoc media dirs, Constance MacTaggart, Gwendolyn Kelly

40. CHEVROLET COMPACT TRUCKS Chevrolet Motor Division

	Media investments	
	1988	1987
Magazines	\$11,701,100	\$11,837,500
Natl. Sun. mags.	1,844,000	1,274,000
Network tv	25,209,000	22,705,100
Spot tv	4,303,200	5,380,300
Network radio	257,200	2,028,700
Spot radio*	1,046,600	1,114,400
Outdoor	—	—
Network cable	486,100	853,300
Newspapers	3,103,200	3,187,500
Natl. synd.	506,800	941,500
Total	\$48,497,200	\$49,322,300

*M&MD estimates

Marketing/brand management:

Gm, J.C. Perkins
Gen sls & svcs mgr, Robert W. Starr
Gen mktg mgr, Michael H. Erdman
Dir area mktg, Jeffrey P. Hurlbert
Asst gen sls mgr, Edd K.



Roggenkamp III

Mktg mgr-trucks, Frank F. Raine
Mgr truck advg, Candace Robbins

Parent: General Motors Corp.

Agency: Lintas/Campbell-Ewald,
Detroit

Exec vp client svc dir, Anthony J.
Hopp

Sr vp, Dennis G. Connaughton

Grp sr vp grp mgmt suprs, John A.

Barczyk (trucks), Ronald D. Geskey
(area mktg)

Exec vp media svcs dir, Louis M.
Schultz

Grp sr vp assoc media dir, Robert J.
Gervason

Sr vp grp media dir print, Karen
Ritchie

Sr vp grp media dir brdcast, Judith E.
Sawyer

Sr vp dir natl brdcast media, Barbara
A. Munro

Sr vp mgr local mkt media, Robert I.
Mitchell II

Vp media suprs (area mktg), John A.
Winkelseth, Bruce Weber, Caryn

Gray

Patricia L. Sharp (natl)

41. DIET PEPSI SOFT DRINK

PepsiCo Inc.

	Media investments	
	1988	1987
Magazines	\$ 363,300	—
Natl. Sun. mags.	—	—
Network tv	18,842,900	\$ 5,411,700
Spot tv	25,077,300	29,377,000
Network radio	123,600	—
Spot radio	2,076,100	2,081,600
Outdoor	28,600	56,600
Network cable	285,000	512,200
Newspapers	1,221,100	226,800
Natl. synd.	179,800	76,800
Total	\$48,198,000	\$37,742,700

Marketing/brand management:

Exec vp mktg & natl sales, Mike
Lorelli

Vp colas Judy Fearing

Dir adv, Peter Foulds

Vp media, Rich Rock

Assoc media dir, Mary Ann Power

Agency: BBDO, New York

Sr vp-mgmt rep, Bill Katz

Exec vp-dir media svcs, Arnie

Semsky

Sr vp-dir media plng svcs, Mike

Drake

Sr vp-dir network tv & prog, Steve

Grubbs

Sr vp-assoc media dir, Ivan Becker

Vp-acct supr, Andy Russem

Sr vp-assoc network dir, Stu
Shlossman

Media suprs: Rene Goldmuntz,
Donna White

Media plnr, Claudia Ryan

Network supr, Karen Levin

Hispanic agency: Siboney

Gen mgr, Roger Pisani

Vp-acct supr, Carla Trum

Acct exec, Melissa Quinoy

Vp-media dir, Meg Bernot

Media supr, Joe Pena

42. TWA AIR LINES PASSENGER SERVICE

	Media investments	
	1988	1987
Magazines	\$ 3,436,400	\$ 3,666,200
Natl. Sun. mags.	142,400	136,500
Network tv	120,600	45,200
Spot tv	14,471,500	15,473,300
Network radio	—	—
Spot radio	1,711,000	1,744,500
Outdoor	273,700	193,400
Network cable	108,500	200
Newspapers	27,646,300	24,365,200
Natl. synd.	183,800	390,600
Total	\$48,094,200	\$46,015,100

Marketing/brand management:

Vp mktg, Robert W. Mann, Jr.

Staff vp bus mktg, David Thomas

Staff vp advg, Tracy T. Britton

Dir prom mktg, Kathleen Trepper

Parent: Trans World Air Lines

Agencies: Young & Rubicam, N.Y.

Sr vp, grp dir, Bob Donahoe

Vp mgmt supr, Roger Chioocchi

Sr vp media dir, Ira Tumpowsky

Sr vp grp supr, Joe Mannix

43. TOYOTA COMPACT TRUCKS Toyota Motor Corp.

	Media investments	
	1988	1987
Magazines	\$ 5,795,400	\$ 3,188,600
Natl. Sun. mags.	—	—
Network tv	19,716,000	11,297,900
Spot tv	17,425,700	17,552,300
Network radio	—	—
Spot radio	1,498,500	1,195,200
Outdoor	—	615,000
Network cable	912,900	810,600
Newspapers	267,000	559,500

Natl. synd.	2,381,200	749,100
Total	\$47,996,700	\$35,968,200

Marketing/brand management:

Vp-corp mktg mgr, George Borst

Natl adv mgr, David Pelliccioni

Adv mgr trucks, Don Cecconi

Agency: Saatchi & Saatchi DFS/
Pacific, Torrance, Calif.

Vice chmn exec mgmt dir, Joe
Cronin

Sr vp grp acct supr, David Doyle

Acct supr, Dixon Head

Sr vp media dir, Richard Weigand

Vp assoc media dir, Katherine Jaris

PepsiCo has three brands in the list this year.

44. K MART MISCELLANEOUS BRANDS

(multi-product ads not fitting in
other LMA categories)

K Mart Corp.

	Media investments	
	1988	1987
Magazines	\$ 7,339,500	\$ 9,108,100
Natl. Sun. mags.	445,400	991,700
Network tv	10,902,500	2,560,600
Spot tv	9,302,800	7,014,200
Network radio	1,416,800	5,179,600
Spot radio	2,229,100	3,696,000
Outdoor	104,500	99,600
Network cable	189,800	313,600
Newspapers	14,854,700	15,281,700
Natl. synd.	633,600	369,500
Total	\$47,418,700	\$44,614,500

Marketing/brand management:

Vp dir mktg, M. G. Wellman

Dir adv, G. K. Habeck

Agency: Ross Roy, Detroit

Exec vp-dir retl oper, Peter C.
Vetowich

Sr vp-grp mgmt supr, Roger

Sherman

Sr vp-grp acct supr, Lawrence R.

Haddock

Vp-acct supr, Lissa K. Papizan

Sr vp dir mktg svcs, Gerald N.

Moody

Vp-grp media dirs: Alfred A. Duz

(print), Patricia Cuda (bdcast)

Media plnr, Ellen Wright



45. CHEVROLET PASSENGER CARS

General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$ 4,973,400	\$ 1,443,800
Natl. Sun. mags.	—	—
Network tv	\$16,102,200	8,971,700
Spot tv	1,793,100	977,000
Network radio	1,266,400	—
Spot radio	3,991,213	7,110,884
Outdoor	396,600	99,800
Network cable	526,900	315,700
Newspapers	17,828,300	11,858,800
Natl. synd.	446,600	—
Total	\$47,284,713	\$30,777,684

Marketing/brand management:

Mgr adv pass cars, Danielle Colliver
Mktg mgr pass cars, Steve D. McAvoy

Gen mktg mgr, Mike Erdman
Natl mgr pass car merch, John C. Burrow

Agency: Lintas:Campbell-Ewald, Warren, Mich.

Sr vp grp dir, Tom THompson
Sr vp grp acct supr, Michael J. Ryan
Acct supr, David Scott, Pete Rentschler, Tim Keaton
Media dir, Louis M. Shultz
Grp sr vp assoc media dir, Robert Gervason

Vp assoc media dir, Catherine Curry
Sr vp grp media dir print, Karen Ritchie

Sr vp grp media dir brdcast, Judith E. Sawyer

Sr vp dir natl brdcast media, Barbara A. Munroe

Sr vp dir local media, Robert I. Mitchell

Vp assoc media dir (natl), Pat Sharp

Vp assoc media dirs (area mktg), John A.

Winkelseth, Bruce Weber, Caryn Gray

46. LUCKY FOOD STORES

American Stores Co.

	Media investments	
	1988	1987
Magazines	\$ 239,600	\$ 16,700
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	15,597,100	12,261,700
Network radio	—	—
Spot radio	8,696,902	—
Outdoor	58,000	11,400

Network cable	—	—
Newspapers	22,489,800	16,515,600
Natl. synd.	—	—
Total	\$47,081,402	\$28,805,400

Marketing/brand management:

Sr vp mktg, Bob Hermanns

Vp advg, Alan Stec

Media buyer, Joanne Joseph

Parent: American Stores Company

Agency: Grey Advertising, San Francisco

Vp-assoc media dir, Kristin Dybdal

Vp mgmt supr, Marnie Deaney,

Dick Popko

Acct execs, Steve Sparkman, Linda Freckleton

Circuit City moves from 116 last year to 27 in the ranking.

47. SAFEWAY STORES

Safeway Stores, Inc.

	Media investments	
	1988	1987
Magazines	\$ 257,200	\$ 195,500
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	16,052,000	17,496,000
Network radio	—	—
Spot radio	1,115,600	1,113,200
Outdoor	523,600	429,400
Network cable	—	—
Newspapers	28,679,100	34,131,000
Natl. synd.	—	—
Total	\$46,627,500	\$53,365,100

Marketing/brand management:

Sr vp-dir mktg, Burr Schinner

Vp adv & prom, Ron Giglio

Agency: Ketchum, San Francisco

Pres, Dianne Snedaker

Acct supr, Zonda Montgomery

Vp assoc crtv dir: Dave Tyree

Rsrch supr, Jeanne Brown

Vp dir brdcast prod, Debora January

Note: Advertising managers of six regional divisions determine media expenditures. Each division employs its own broadcast agency.

48. BUICK REGAL

**Buick Motor Division/
Automobiles**

	Media investments	
	1988	1987
Magazines	\$ 6,842,900	\$ 8,594,100
Natl. Sun. mags.	99,400	210,100
Network tv	24,534,000	13,138,000
Spot tv	3,282,400	734,300
Network radio	7,589,000	1,443,100
Spot radio	—	—
Outdoor	40,300	94,700
Network cable	398,000	121,200
Newspapers	3,494,400	586,100
Natl. synd.	—	—
Total	\$46,280,400	\$25,101,600

Marketing/brand management:

Gen mktg mgr, Darwin Clark

Gen dir adv, Jay Qualman

Gen dir div mktg, John Dabels

Vp-gen mgr, E.H. Mertz

Gen sales & srvc mgr, R.E. Coletta

Parent: General Motors Corp.

Agency: McCann-Erickson, Troy, Mich.

Sr vp-mgmt dir, Richard A. Hill

Vp-natl grp acct dir, George Bak

Vp-grp acct supr, Glynn Armitage

Acct execs, Robert Schneider,

Roxanne Blaquiery, John Holowaty,

Sara Sevec, Nannette LaFond

Sr vp-media svcs, Helen Seligman

49. CHEVROLET S-10

General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$ 4,581,300	\$ 4,726,400
Natl. Sun. mags.	—	637,000
Network tv	\$ 31,312,700	6,450,800
Spot tv	8,721,100	2,730,300
Network radio	600	—
Spot radio	163,800	96,700
Outdoor	305,100	4,600
Network cable	450,700	55,500
Newspapers	—	—
Natl. synd.	477,000	37,700
Total	\$46,012,300	\$14,739,000

Marketing/brand management:

Mgr truck adv, Candice Robbins

Mktg mgr trucks, F.F. Raine

Mgr truck merch, W.L. Williams

Agency: Lintas:Campbell-Ewald, Warren, Mich.

Exec vp client svc dir, Anthony J.

Hopp

Sr vp, Dennis G. Connaughton



Grp sr vp, John A. Barczyk
 Sr vp, Ronald D. Geske
 Sr vp grp media dir print, Karen Ritchie
 Sr vp grp media dir brdcast, Judith E. Sawyer
 Sr vp dir natl brdcast media, Barbara A. Munroe
 Sr vp dir local media, Robert I. Mitchell
 Vp assoc media dir (natl), Patricia Sharp
 Vp assoc media dirs (area mktg), John A. Winkelseth, Bruce Weber, Caryn Gray

50. KROGER FOOD STORES

The Kroger Co.

	Media investments	
	1988	1987
Magazines	\$ 19,100	\$ 503,400
Natl. Sun. mags.	—	119,400
Network tv	—	98,300
Spot tv	28,023,200	38,685,800
Network radio	—	—
Spot radio	2,069,600	2,732,800
Outdoor	1,640,000	2,743,900
Network cable	2,400	277,000
Newspapers	14,073,500	23,142,900
Natl. synd.	—	—
Total	\$45,827,800	\$68,303,500

Marketing/brand management:
 Vp adv, Dick Owens
Agency: Campbell-Mithun-Esty, Chicago
 Pres, coo, Marvin Goldsmith
 Vp mngt supr, Jon Wylie
 Vp mngt supr, John Kroening
 Sr vp, dir media services, Charles Abrams

51. DOMINO'S RESTAURANTS

Domino's Pizza Inc.

	Media investments	
	1988	1987
Magazines	—	\$ 30,400
Natl. Sun. mags.	—	—
Network tv	\$26,200,500	25,835,000
Spot tv	13,818,500	15,046,700
Network radio	—	—
Spot radio	3,836,700	2,624,200
Outdoor	296,300	208,700
Network cable	1,026,400	721,700
Newspapers	204,500	633,100
Natl. synd.	—	—
Total	\$45,382,900	\$45,099,800

Marketing/brand management:
 Div vp mktg, Sam Fine
 Grp mktg dir, Mike Raymond
 Natl dir mkt research, Margaret Olson-Cox
 Natl dir pub rel, Ron Hingst
 Natl adv dir, Burke Cueny
Agency: Group 243, Ann Arbor, Mich.
 Pres, Janet Muhleman
 Gen mgr, Bruce Smith
 Mgmt dir, Henry Blank
 Media dir, Kathy Savitskie
 Creative dir, Phil Smith

52. HARDEE'S RESTAURANTS

Hardee's Food Systems Inc.

	Media investments	
	1988	1987
Magazines	\$ 152,200	\$ 2,500
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	38,527,100	39,793,100
Network radio	—	—
Spot radio	\$3,421,900	2,847,500
Outdoor	2,188,800	1,955,100
Network cable	175,500	103,300
Newspapers	75,000	175,600
Natl. synd.	—	70,400
Total	\$44,540,500	\$44,947,500

Marketing/brand management:
 Vp-field mktg, Bill Lancaster
Agency: Ogilvy & Mather, N.Y.
 Sr vp-grp dir, Bill Gray
 Sr vp-assoc media dir, Alan Orlick
 Vp-asst media dir, Kristina Allen

53. RADIO SHACK

ELECTRONICS STORES
Tandy Corp.

	Media investments	
	1988	1987
Magazines	\$ 242,800	\$ 314,800
Natl. Sun. mags.	—	—
Network tv	12,899,600	13,156,000
Spot tv	16,000	19,600
Network radio	4,737,900	3,286,100
Spot radio	1,007,100	1,290,700
Outdoor	—	1,300
Network cable	607,500	445,200
Newspapers	24,722,500	28,651,200
Natl. synd.	—	—
Total	\$44,233,400	\$47,155,900

Marketing/brand management:
 Vp mktg svcs, David Beckerman
 Vp advg, Mike Wood
 Admin ad mgr, Fred Roeben
Parent Company: Tandy Corporation
Agency: Central Advertising Agency, div of Radio Shack
 Dir, Linda Yarbrough

Sources for ad spending estimates for 1988 appear on page 100.

54. MAXWELL HOUSE REGULAR INSTANT COFFEE

Philip Morris Companies Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$25,749,100	—
Spot tv	2,255,100	\$ 11,300
Network radio	—	—
Spot radio	10,578,400	231,000
Outdoor	—	—
Network cable	866,000	—
Newspapers	—	—
Natl. synd.	4,646,700	—
Total	\$44,095,300	\$242,300

Marketing/brand management:
 Mktg grp prod mgr, Jim Craigie
 Dir mktg merch & dev, Bob Pizzutti
 Media mrg, Evelyn Fitzimons
Agency: Ogilvy & Mather, N.Y.
 Acct supr, Jeannie Murphy
 Acct execs, Geoffrey Ramsey, Anthony Nacinovich
Hispanic Agency: Mendoza Dillon & Asciados, Newport Beach, Calif.

55. ADVIL PAIN RELIEVER TABLETS AND CAPSULES

Whitehall Laboratories

	Media investments	
	1988	1987
Magazines	\$ 3,151,000	—
Natl. Sun. mags.	74,800	—
Network tv	33,643,400	\$40,457,400



Spot tv	3,940,000	1,858,400
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,664,600	1,210,100
Newspapers	757,500	67,300
Natl. synd.	386,600	322,400
Total	\$43,618,800	\$43,915,600

Marketing/brand management:

Pres, Randy Yates
Sr vp mktg, Andrew C. Davis
Grp prod mgr, Holly Crosbie-Foote
Sr prod mgr, Eric Rosenson,
Prod mgr, Tom Mangano
Adv dir, Steven Palmisano
Asst adv dir, Randal Knox
Parent: American Home Products Corp.
Agency: Young & Rubicam, N.Y.
Sr vp mgmt supr, Patrick Knisley
Acct supr, Simon Gerlin
Acct execs, Kristi Comuzzi, Lisa Epstein
Asst acct exec, Chris Goodman
Sr vp media dir, Ira Trumpowsky
Vp media, Nalini Ravishankar

56. PAN AM AIRLINES

PASSENGER SERVICE

Pan American World Airways Inc.

	Media investments 1988	1987
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Magazines	\$ 463,600	\$ 2,985,900
Natl. Sun. mags.	46,500	\$ 442,200
Network tv	—	—
Spot tv	10,361,300	8,834,700
Network radio	—	—
Spot Radio	2,113,000	2,273,000
Outdoor	892,100	881,400
Network cable	—	22,600
Newspapers	28,472,800	21,388,900
Natl. synd.	—	753,800
Total	\$42,349,300	\$37,582,500

Marketing/brand management:

Sr vp mktg, Peter McHugh
Gm adv & mktg progs, John Bloodworth
U.S. adv dir, Robert Morris
Dir intl adv, Randy Harmon
Asst media dir, Cathy Gooden
Supr, Sherry Lewis
Plnr, Elyse Darnell
Asst plnr, Reid Pugh
Print estr, Ken Meyer
Agency: Della Femina McNamee WCBS Inc., N.Y.
Grp dir U.S., Europe, Latin America div, Jim Smith

Mgmt supr U.S., Europe, Latin America div, Bob Lagetera
Acct suprs U.S., Pat Shaine, Karen Perry

Acct supr Europe, Latin America, Kathy Homes
Acct execs U.S., Liz Maxey, Alex Power
Acct exec Europe, Eve Epstein
Acct execs Latin America, Jose Avandia, Steve Klurfeld

57. MAZDA DEALERS

ASSOCIATION FRANCHISE

Mazda Motors of America

	Media investments 1988	1987
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Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$35,203,200	\$29,178,300
Network radio	—	—
Spot radio	3,928,900	263,700
Outdoor	—	—
Network cable	—	2,700
Newspapers	2,179,300	2,519,000
Natl. synd.	—	—
Total	\$41,311,400	\$31,963,700

Marketing/brand management:

Grp vp sls & mktg-deputy gm, George McCabe
Grp vp operations-deputy gm, J.R. Seidel
Vp mktg, William Hackett
Sr vp mktg, Yoji Toyama
Agency: Foote, Cone & Belding, Santa Ana
Exec vp-gm, William C. Hagelstein
Vp media dir, Tom Somerset

**Once again,
McDonald's
Corp. is number
one on the Top
200 list, with
\$405 million in
ad expenditures.**

58. PONTIAC DEALERS ASSOCIATION FRANCHISE

	Media investments 1988	1987
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Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$38,650,900	\$38,179,200
Network radio	—	—
Spot radio	220,700	160,300
Outdoor	—	17,000
Network cable	—	—
Newspapers	1,776,300	505,700
Natl. synd.	—	—
Total	\$40,647,900	\$38,862,200

Marketing/brand management:

Gm, J. Michael Losh
Gen sls & srvc mgr, E. M. Schlesinger
Dir mktg, E.H. Smith
Natl & dlr adv, T.J. Maloney
Dir mktg grps mgrs: (East, South) L. K. Anderson,
(Central, West), Jeff Fernandez
Parent: General Motors Corp. Dlr's: Assoc.
Agencies: Various

59. HIGHLAND HOUSEHOLD PRODUCTS

Highland Superstores Inc.

	Media investments 1988	1987
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Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$22,792,800	\$22,566,800
Network radio	—	—
Spot radio	892,200	894,200
Outdoor	300	13,500
Network cable	—	—
Newspapers	16,765,800	34,027,700
Natl. synd.	—	—
Total	\$40,451,100	\$57,502,200

Marketing/brand management:

Vp-adv, Frank Ferriolo
Asst adv dir, Marge Taylor-Wehr
Dir special events, Ed Rossman
Media mgr, Marianne Barrons
Creative agency: W.B. Doner
Acct exec, Jeff Hale
Asst acct exec, Lynne Goswick
Mgmt supr, Ross Lerner
Print advertising: In-house
Media buying: In-house



60. NORTHWEST AIRLINES PASSENGER SERVICE NWA Inc.

	Media investments	
	1988	1987
Magazines	\$ 6,794,100	\$ 7,404,500
Natl. Sun. mags.	136,800	139,200
Network tv	19,592,200	17,108,200
Spot tv	2,555,600	2,648,400
Network radio	—	427,200
Spot radio	2,112,600	2,263,700
Outdoor	488,200	977,500
Network cable	627,900	894,700
Newspapers	7,484,800	7,177,900
Natl. synd.	505,200	28,000
Total	\$40,297,400	\$39,069,300

Marketing/brand management:

Exec vp mktg, A. B. Magary
Vp mktg programs, John W. Temple
Sr dir mktg comm, Judith E. Mitchell
Mgr consumer mktg comm, Nancy Swanson

Agency: Saatchi & Saatchi Advertising, N.Y.

Exec vp exec mgmt dir, Michael Keeshan
Sr vp mgmt suprs, Peter Levitan
Vp acct supr, Evangeline Ames
Sr vp assoc media dir, Ira Weinblatt
Sr vp assoc media dir, Don Morrison
Media suprs, Phil Moore, John Kane

61. TYLENOL REGULAR STRENGTH PAIN RELIEVER McNeil Consumer Products

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$34,464,800	\$16,457,800
Spot tv	453,600	662,000
Network radio	—	—
Spot radio	324,400	22,600
Outdoor	—	—
Network cable	1,421,600	469,800
Newspapers	574,300	203,000
Natl. synd.	2,925,300	1,826,400
Total	\$40,164,000	\$19,641,600

Marketing/brand management:

Vp mktg, Jim T. Lenehan
Dir prod mgmt, Brian D. Perkins
Grp prod dir, Tony A. Vernon
Prod dirs, Carol Kohns, Elizabeth Berry, Rosalyn Jackson, Maurice Simmons

Parent: Johnson & Johnson

Agency: Saatchi & Saatchi DFS Compton Inc., N.Y.

Exec vp-grp dir, Thomas Lom
Sr vp mgmt supr, Joe McCarthy
Acct exec, Mark McNeely
Asst acct execs, Frank Rodriguez, Martha Bumsted
Exec vp dir media oper, Carol Karasick
Vp assoc media dir, Charlie Greenberg
Media supr, Marie Wolpert
Hispanic agency: Mendoza, Dillon & Asociados
Vp acct svcs, Robert L. Howells

62. MILLER HIGH LIFE BEER Miller Brewing Co.

	Media investments	
	1988	1987
Magazines	\$ 138,800	\$ 183,900
Natl. Sun. mags.	—	—
Network tv	19,891,600	10,314,800
Spot tv	8,903,600	8,400,400
Network radio	—	—
Spot radio	4,086,700	4,651,400
Outdoor	807,900	950,500
Network cable	745,700	771,700
Newspapers	4,459,600	4,251,300
Natl. synd.	47,800	133,600
Total	\$39,081,700	\$29,657,600

Marketing/brand management:

Vp brand & promotion, Robert A. Toledo
Dir adv svcs, Robert Ward
Premium category dir, Scott C. Steward
Asst brand mgrs, Greg Plowe, Mike Dwyer

Parent: Philip Morris Cos. Agency: Leo Burnett Co., Chicago

Acct dir sr vp, John Kovas
Acct dir, Mike O'Neal
Acct execs, Scott Edwards, John Sentell
Media dir, Dick Hobbes
Asst media dir, Cathy Greif
Media supr, Michael Triff
Hispanic agency: Mendoza, Dillon & Asociados,
Newport Beach, Calif.
Vp acct svcs, Eduardo Del Rivero
Black agency: Mingo-Jones Advertising

63. SEARS ROEBUCK & COMPANY GENERAL PROMOTION Sears Roebuck & Co.

	Media investments	
	1988	1987
Magazines	\$ 140,600	\$ 150,700
Natl. Sun. mags.	—	—
Network tv	—	12,382,900
Spot tv	1,152,800	2,023,900
Network radio	2,739,500	2,723,000
Spot radio*	13,557,100	11,389,800
Outdoor	—	2,100
Network cable	10,400	282,900
Newspapers	21,260,800	21,485,900
Natl. synd.	—	2,005,400
Total	\$38,861,200	\$52,446,600

Marketing/brand management:

Mgr admin & oper, William Cora
Natl rtl adv mgr, Scot Harding
Natl adv svcs mgr, Celeste Gosman
Mgr natl media oper, Bernie Miller
Vp mktg, Thomas Morris
Natl plng mgr, Donald Holmes
Agencies: Ogilvy & Mather, Chicago

Exec vp-Pres (Chicago), Bill Whitney
Sr vp mgng dir, Bruce Beach
Sr vp client svcs dir, Al Mager
Vp mgmt suprs, Dan Delaney
Sr vp mgmt supr, Bruce Jasurda
Vp acct supr, Jeff Totaro
Acct suprs, Jeff Totaro, Paula Series, Ole Riise, Brian Kelly
Sr vp media dir, Tom Bell
Vp asst media dir, Jacque O'Connor
Vp dir network bdcst, Kay Durkin
Vp assoc media dir, Marilyn Kelly
Media supr, Dave Rasmussen
Vp media supr, Dave Flockencier
Media plnrs, Roman Martens, Jill Lamgan
Asst plnrs, JoAnn Farrington, Robin Sprague
Mendoza Dillon & Asociados Inc., Newport, Calif.
Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Acct exec, Steve Pickett
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

64. ACURA LEGEND Acura Automobile Division

	Media investments	
	1988	1987
Magazines	\$10,318,200	\$10,948,300
Natl. Sun. mags.	—	—



Network tv	24,257,400	16,517,000
Spot tv	2,529,600	2,177,200
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,274,300	495,900
Newspapers	449,300	2,018,700*
Natl. synd.	9,000	—
Total	\$38,837,800	\$32,157,100

*M&MD estimates

Marketing/brand management:
 Exec vp auto oper, Tom Elliott
 Vp Acura div, Ed Taylor
 Sr mgr-auto adv, Eric Conn
Parent: American Honda Motor Co.
Agency: Ketchum Advertising, L.A.
 Pres, Craig Mathiesen
 Acct supr, Tina Hart
 Media dir, Cherie Crane

65. HYUNDAI DEALERS

ASSOCIATION FRANCHISE

Hyundai Motor of America

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$38,408,000	\$36,042,300
Network radio	—	—
Spot radio	—	4,802,400
Outdoor	—	—
Network cable	—	—
Newspapers	—	64,200
Natl. synd.	—	—
Total	\$38,408,000	\$40,908,900

Marketing/brand management:
 Dir mktg, Jack Collins
 Natl adv mgr, Joe Corey
 Media dir assoc mgr, Tom Meyers
Agency: Backer Spielvogel Bates, Irvine, Ca.
 Sr vp-mgmt rep, Jim Sanfilippo
 Vp-acct dir (Western region), Jim Cooper
 Vp-acct dir (Central region), Brent McCutcheon
 Vp-acct dir (Eastern region), Larry Saunders
 Vp-acct sup (Southern region), Terry Mizzell

66. BUSH FOR PRESIDENT

Bush for President Committee

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$16,446,800	—
Spot tv	18,898,500	—
Network radio	—	—
Spot radio	1,794,200	—
Outdoor	—	—
Network cable	1,260,800	—
Newspapers	—	—
Natl. synd.	—	—
Total	\$38,400,300	—

Agency: Farrell Media Inc.
 Dir, Cathy Farrell

67. HALLMARK CARDS

Hallmark Cards Inc.

	Media investments	
	1988	1987
Magazines	\$ 80,500	\$ 250,000
Natl. Sun. mags.	43,400	—
Network tv	22,118,100	24,523,100
Spot tv	449,800	465,300
Network radio	—	—
Spot radio	4,769,400	2,425,600
Outdoor	—	1,200
Network cable	66,200	34,500
Newspapers	10,495,200	7,516,400
Natl. synd.	326,900	214,500
Total	\$38,349,500	\$35,430,600

Marketing/brand management:

Grp vp-Hallmark brand, Tom Johnston
 Vp Hallmark greeting-card prods, Homer Evans
 Vp specialty prods, Buddy Jones
 Vp adv & prom, Brad Moore
 Adv dir, Ira Stolzer
Agency: Leo Burnett, Chicago
 Acct dir sr vp, Jim Thompson
 Acct dir, Tom Dickson
 Acct suprs, Jan Karzen, Ken Fill
 Acct exec, Greg Marlovits
 Media dir, Chuck Quarnstrom
 Media supr, Sherri Sipes

68. G.E. COMPANY

GENERAL PROMOTION

G.E. Co.

	Media investments	
	1988	1987
Magazines	\$ 189,400	\$ 151,700
Natl. Sun. mags.	—	—
Network tv	35,935,800	17,727,300
Spot tv	1,574,900	891,600
Network radio	92,000	600,000
Spot radio	4,500	202,700
Outdoor	3,500	—
Network cable	7,200	400
Newspapers	262,600	7,635,900
Natl. synd.	—	185,800
Total	\$38,063,900	\$26,855,400

Marketing/brand management:

Mgr corp mktg comm Richard Costello
 Mgr customer & industry programs, Bob Plumb
 Mgr corp adv, Barbara Parsky
Agency: BBDO, N.Y.
 Mgm rep, Arnold Ross
 Assoc media dir, John Osborn

69. VISA CHARGE CARD

Visa USA Inc.

	Media investments	
	1988	1987
Magazines	\$ 67,700	\$ 2,755,800
Natl. Sun. mags.	—	—
Network tv	32,428,000	15,373,700
Spot tv	1,019,200	3,133,100
Network radio	1,681,000	1,600
Spot radio	294,000	60,600
Outdoor	600	58,300
Network cable	1,064,000	579,900
Newspapers	—	1,636,600
Natl. synd.	1,466,900	2,685,600
Total	\$38,021,600	\$26,321,200

Marketing/brand management:

Sr vp mktg dir, John H. Bennett
 Vp mktg comm, Janet Soderstrom
 Adv mgr, David L. Roberts
 Assoc adv mgr, Liz Silver
Agency: BBDO, N.Y.
 Exec vp sr mgmt rep, Gary De Paulo
 Sr vp mgmt supr, Rich Kronengold
 Exec vp media srves, Arnie Semskey
 Sr vp media plng, Mike Drake
 Sr vp natl tv buying, Steve Grubbs
 Sr vp assoc media dir, Mike Hedge
 Network buying supr, Larry Novenstern
 Network plng supr, Jim Cammarata
 Media plnr, Karen Balik





70. HONDA ACCORD

American Honda Motor Co.

	Media investments	
	1988	1987
Magazines	\$10,149,900	\$ 4,609,900
Natl. Sun. mags.	418,700	161,000
Network tv	\$18,895,500	14,926,400
Spot tv	3,796,900	1,859,100
Network radio	818,700	1,086,000
Spot radio	\$1,840,000*	—
Outdoor	396,800	1,200
Network cable	1,104,800	691,300
Newspapers	(no data)	434,400*
Natl. synd.	379,900	—
Total	\$37,801,200	23,769,300

*M&MD estimates

Marketing/brand management:

Exec vp, K. Amemiya

Exec vp auto sls oper, Tom Elliott

Sr mgr auto adv, Eric Conn

Asst mgrs auto adv, Tom Caulfield, Bill Young

Agency: Rubin Postaer & Associates, L.A.

Sr vp grp acct dir, Charles E. Valentine

Vp acct dir, Steve Woolford

Vp acct suprs, Julie Boston, Joan Egan, Ron MacMillan

Sr vp media dir, Pam Warren

Assoc media dirs, Kate Knox,

Coby Low

71. CHRYSLER DEALERS

ASSOCIATION FRANCHISE

Chrysler Motors, Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$ 2,649,700	—
Spot tv	32,299,400	\$16,124,200
Network radio	—	—
Spot Radio	2,269,700	4,384,300
Outdoor	—	—
Network cable	36,300	—
Newspapers	52,100	1,003,900
Natl. synd.	—	—
Total	\$37,307,200	\$22,112,400

Marketing/brand management:

Dealer mktg mgr-Chrysler-Plymouth, William Klingler

Dealer adv mgr, Dennis Demers

Agency: Bozell Inc., Detroit

Sr vp acct grp dir, Roy McKechnie

Sr vp-mgmt sup, Jack Hickey

Sr vp media, Phil Matz

Assoc media dir, Roberta Bolvari

72. HONDA DEALERS

ASSOCIATION FRANCHISE

American Honda Motor Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$36,718,900	\$30,272,900
Network radio	—	—
Spot Radio	157,900	145,300
Outdoor	6,800	900
Network cable	—	—
Newspapers	370,600	868,300
Natl. synd.	—	—
Total	\$37,254,200	\$31,286,500

Marketing/brand management:

Exec vp auto sales operations, Tom Elliott

Sr mgr-auto adv, Eric Conn

Asst mgrs-auto adv, Bill Young

Exec vp, K. Amemiya

Agencies: Various

73. ABC TV NETWORK

Captial Cities/ABC Inc.

	Media investments	
	1988	1987
Magazines	\$26,062,700	\$24,608,900
Natl. Sun. mags.	730,000	855,000
Network tv	—	—
Spot tv	2,000	2,700
Network radio	164,000	6,000
Spot radio	5,670,800	9,182,500
Outdoor	32,900	32,500
Network cable	946,400	1,706,400
Newspapers	3,635,400	3,088,900
Natl. synd.	—	—
Total	\$37,244,200	\$39,482,900

Marketing/brand management:

News: prod-dir on-air prom & adv, Bruce Soloway (N.Y.)

Agency: Bozell, N.Y.

Sr vp mgmt sup, Michael Peroff

Sr vp media dir, Joel Kushins

Vp assoc media dir, Andrea Weinreb

Lois Pitts Gershon Pon/GGK, N.Y. (Sports)

Gm, John Tracosas

Acct sup, Andy Brief

Media dir, Chris Tinkham

Grey, N.Y.

(Entertainment programing)

Exec vp dir media & prog svcs, Alec Gerster

Exec vp, Donald Foley

74. TV GUIDE CIRCULATION

Murdoch Magazines

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	\$ 36,900	—
Network tv	—	\$ 23,000
Spot tv	25,587,700	22,671,800
Network radio	9,466,300	4,675,700
Spot radio	711,600	126,800
Outdoor	—	—
Network cable	560,000	737,400
Newspapers	363,700	896,100
Natl. synd.	501,300	785,100
Total	\$37,227,500	\$29,915,900

Marketing/brand management:

Pres, Joseph Cece

Gm, William Deitch

Consumer prom dir, Fred Jervis

Adv prom dir, Vanessa Reed-Stagliano

Parent:News America Publishing Inc.

Agency: NW Ayer, N.Y.

Vp mgmt sup, George Malcomson

Sr vp exec media dir, Jane Twyoun

Assoc media dir, Debbie-Lisa Brown

Media sup, Maureen Haynes

75. WINN-DIXIE FOOD STORES

Winn-Dixie Stores, Inc.

	Media investments	
	1988	1987
Magazines	\$ 249,900	\$ 143,200
Natl. Sun. mags.	—	—
Network tv	6,239,500	5,222,700
Spot tv	18,644,400	17,937,800
Network radio	—	—
Spot radio	1,531,900	309,300
Outdoor	139,200	404,100
Network cable	364,300	342,200
Newspapers	9,816,000	15,251,600
Natl. synd.	—	16,800
Total	\$36,985,200	\$34,927,700

Marketing-brand management:

Dir adv, G. E. (Mickey) Clerc, Jr.

Agency: The William Cook

Agency, Jacksonville, FL

Pres, Carson Eddings

Sr vp-acct suprs: Lura Benton, James Radcliffe

Vp acct sup, Mike Russell

Acct execs, Dick Matthews, Marty



Lynch, Glyn Denton, JoAnn Nolan
Media dir, Mary Shine
Media plnr, Bob Stone

76. VONS MARKETS

Vons Companies Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags	\$ 18,600	\$ 17,200
Network tv	—	—
Spot tv	9,842,100	9,684,600
Network radio	—	—
Spot radio	1,720,500	1,590,700
Outdoor	187,700	133,100
Network cable	—	2,000
Newspapers	24,758,100	22,315,800
Natl. synd.	—	—
Total	\$36,527,000	\$33,743,400

Marketing/brand management:

Vp advg, Larry Davis
Exec vp mktg, Stu Rosenthal
Agency: JYT/West
Sr vp deputy gm, Mike Marsak
Mgmt supr, Bonnie Baruch
Exec media dir, Ann Cruchley
Acct suprs, Eric Grayson, Sherry Sbarsky

77. FRANKLIN MINT

COLLECTION

The Franklin Mint

	Media investments	
	1988	1987
Magazines	\$15,720,600	\$11,510,200
Natl. Sun. mags.	9,636,500	4,868,900
Network tv	—	—
Spot tv	3,724,700	3,327,300
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	2,151,700	1,152,700
Newspapers	5,244,200	12,512,000
Natl. synd.	—	166,800
Total	\$36,477,700	\$33,538,400

Marketing/brand management:

Vp mktg, Thomas Durovsk
Vp female collectibles, Dolores Dinyon
Vp male collectibles, Patrick Murray
Vp jewelry, Martha Wright
Vp library, Barbara Cady
Parent: American Protection Industries
Agency: In-house
Vp media mgt, Alan Beer
Vp media, Mike Burgess

78. PENNEY'S

MISCELLANEOUS BRANDS

(Multi-product ads not fitting into other LNA categories)

J.C. Penney Co.

	Media investments	
	1988	1987
Magazines	\$ 595,200	\$ 445,400
Natl. Sun. mags.	194,600	114,200
Network tv	14,361,900	21,502,100
Spot tv	1,654,900	2,425,900
Network radio	1,348,200	801,400
Spot radio	5,820,600	292,000
Outdoor	6,700	11,400
Network cable	1,300,800	1,379,300
Newspapers	9,838,600	11,096,400
Natl. synd.	1,335,200	1,392,700
Total	\$36,456,700	\$39,460,800

Marketing/brand management:

Exec vp dir corp merchandising,

Barger Tygart
Dir mktg comm, R. L. Shuler
Mgr media srvc, J. M. Chicostie
Natl media plr, Julia Hagmann Fuqua
Catalog Division:
Pres, Rod Birkins
Dir merchan, Julius Debbs
Dir adv & pubs, William Kelly
Agency: NW Ayer, Dallas
Sr vp mgmt supr, Tom Hook
Vp-media dir, Mary Bresnahan

79. IBM PERSONAL SYSTEM/2

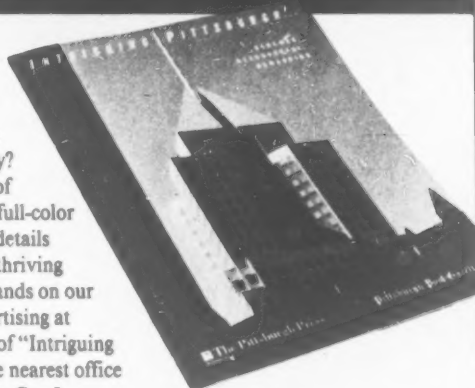
COMPUTERS

International Business Machines Corp.

	Media investments	
	1988	1987
Magazines	\$ 7,835,900	\$12,364,400
Natl. Sun. mags.	716,200	—
Network tv	23,451,600	20,987,000
Spot tv	665,400	579,000
Network radio	3,414,600	3,724,400
Spot radio	1,233	255,500
Outdoor	—	~ 600
Network cable	55,000	227,800

Get Your Hands On Our Market

Want to learn more about a market that offers tremendous diversity? Get your hands on a copy of "Intriguing Pittsburgh," a full-color 36-page market book that details the renewal of a dynamic, thriving community. To get your hands on our market, call General Advertising at (412) 263-1336 for a copy of "Intriguing Pittsburgh." Or contact the nearest office of Sawyer-Ferguson-Walker Co., Inc.



The Pittsburgh Press
Pittsburgh Post-Gazette



Newspapers	—	—
Natl. synd.	—	37,800
Total	\$36,129,900	\$38,176,500

Marketing/brand management:

Dir adv, Jim Garrity
Mgr desktop, Barbara Clark
Agency: Lintas, N.Y.
Vp acct supr, Bob Knapp
Acct exec, Theresa Muench
Vp assoc media adv, Maria Comprevhio
Asst media dirs, Holly Stevens,
Maggie Clewley
Vp assoc media dir, Henry Bartolf

80. FRANKLIN MINT PORCELAIN COLLECTION *The Franklin Mint*

	Media investments	
	1988	1987
Magazines	\$21,797,300	\$13,589,000
Natl. Sun. mags.	14,046,800	9,628,600
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers	—	103,700
Natl. synd.	—	—
Total	\$35,844,100	\$23,321,300

Marketing/brand management:

Vp mktg, Thomas Durovsk
Vp female collectibles, Dolores Dinyon
Vp male collectibles, Patrick Murray
Vp jewelry, Martha Wright
Vp library, Barbara Cady
Parent: American Protection Industries
Agency: In-house
Vp media mgmt, Alan Beer
Vp media, Mike Burgess

81. NBC TV NETWORK *National Broadcasting Co.*

	Media investments	
	1988	1987
Magazines	\$23,959,200	\$25,264,600
Natl. Sun. mags.	933,000	257,600
Network tv	—	—
Spot tv	25,100	6,900
Network radio	1,855,500	3,030,600
Spot radio	466,500	328,800
Outdoor	9,400	217,900
Network cable	34,000	86,900

Newspapers	7,821,900	6,987,800
Natl. synd.	—	—
Total	\$35,104,600	\$36,181,100

Marketing/brand management:

Sr vp adv & prom, John Miller (Burbank)
Vp media plng & prom svcs, Paul Wang (Burbank)
Vp east coast adv, Tim Miller (N.Y.)
Dir media plng, Marla Goldstein (Burbank)
Parent: General Electric Co.
Agency: DMB&B, L.A./N.Y.
Mng dir, Jim Helin
Exec vp-dir entertainment, Neal Lemlein
Vp acct supr, Eric Belcher
Sr vp-media dir, Ron Lawrence
Deputy mng dir-chief creative officer, John Armistead

82. PONTIAC IMPORT LEMANS *Pontiac Motor Division*

	Media investments	
	1988	1987
Magazines	\$ 588,800	\$ 1,488,100
Natl. Sun. mags.	1,480,200	257,300
Network tv	20,464,900	12,292,900
Spot tv	8,392,900	1,265,500
Network radio	—	177,800
Spot radio	737,800	371,800
Outdoor	—	—
Network cable	324,300	—
Newspapers	2,520,500	197,500
Natl. synd.	226,000	566,600
Total	\$34,735,400	\$16,617,500

Marketing/brand management:

Gen mgr, J. Michael Losh
Gen sales & svcs mgr, E. M. Schlesinger
Dir mktg, E. H. Smith
Natl & dlr adv, T. J. Maloney
Dir mktg grp mgrs, L. K. Anderson, Jeff Fernandez
Parent: General Motors Corp.
Agency: DMB&B, Bloomfield, Hills, Mich.
Sr vp mgmt supr, Mark Gjovik
Acct mgr, Pat Brown
Acct suprs, Mike Valant, Art Pepin
Sr acct exec, Richard Halladay
Acct execs, Terry Reed, Bob Nicholls, Jim Holman,

Steve Brown, Michael Talovich
Acct coor, Mary Murphy
Sr vp dir media, George Rogers
Vp media dir, Jim Gagen

83. CBS TV NETWORK *CBS/Broadcast Group*

	Media investments	
	1988	1987
Magazines	\$30,107,800	\$29,314,800
Natl. Sun. mags.	578,900	1,492,200
Network tv	—	—
Spot tv	30,200	52,800
Network radio	3,042,400	1,151,000
Spot radio	184,300	2,491,700
Outdoor	38,500	5,200
Network cable	557,700	172,100
Newspapers	144,600	6,126,000
Natl. synd.	—	—
Total	\$34,684,400	\$40,805,900

Marketing/brand management:

CBS TV Network, CBS
Entertainment, CBS News, CBS
Sports, CBS Broadcast International:
Sr vp, communications, George F. Schweitzer
Vp adv & prom, Michael Mischler
Parent: CBS Inc.
Agency: Various; Backer Spielvogel
Bates, N.Y. (media)
Pres, Dean Scaros
Sr vp-grp media dir, Alain Zutter

84. KODAK FILM *Eastman Kodak Co.*

	Media investments	
	1988	1987
Magazines	\$ 4,878,800	\$ 5,386,500
Natl. Sun. mags.	755,100	485,100
Network tv	22,729,200	21,454,600
Spot tv	2,938,300	1,578,300
Network radio	—	333,000
Spot radio	155,800	422,600
Outdoor	369,400	588,400
Network cable	649,400	907,900
Newspapers	431,000	806,700
Natl. synd.	1,539,100	948,500
Total	\$34,446,100	\$32,911,600

Marketing/brand management:

Vp gm (consumer prod div), Peter Palermo
Vp gm (consumer prod div), Steve Baune
Div vp dir mktg comm svcs,



Richard S. Bartlett
Dir worldwide mktg comm, James
Gallery
Dir mktg comm consumer prod div,
Bruce Wilson
Mktg comm dir (film prod), Gregory
T. Walker
Agency: J. Walter Thompson,
N.Y.

Sr vp worldwide mgmt dir, Jerry
Gotlieb
Sr vp acct dir, Marty Susz
Vp sr acct supr (intl), Ernie Emerling
Vp sr acct supr, Rich O'Leary
Acct supr, Jeff Bodenmann, Susan
Pisello
Exec vp U.S. dir media, Richard
Kostyra
Sr vp dir ntwk neg, John Sisk
Sr vp assoc media dirs, Emily
Swartzentruber
(ping), Gwyn Kaufman (neg)
Media supr, Letty Kuhnlein
Media plnr, Barbara Hendricks

85. LENSRAFTERS US Shoe Corp.

	Media investments	
	1988	1987
Magazines	\$ 16,600	—
Natl. Sun. mags.	37,200	\$ 17,200
Network tv	451,600	—
Spot tv	33,251,900	\$24,767,400
Network radio	—	—
Spot radio	90,500	62,600
Outdoor	21,500	19,200
Network cable	—	—
Newspapers	37,200	775,100
Natl. synd.	—	—
Total	\$33,906,100	\$25,641,500

Marketing/brand management:
Vp mktg, David M. Browne
Parent: U.S. Shoe Corp.
Agency: EDB Advertising (in-house)

86. CITICORP GENERAL PROMOTION Citicorp

	Media investments	
	1988	1987
Magazines	\$ 5,384,700	\$ 3,385,400
Natl. Sun. mags.	—	44,800
Network tv	26,396,900	13,743,800
Spot tv	441,100	89,900
Network radio	—	—
Spot radio	—	351,500

Outdoor	—	23,300
Network cable	1,434,800	389,400
Newspapers	—	—
Natl. synd.	136,800	48,800
Total	\$33,794,300	\$17,725,400

Marketing/brand management:

Vp corp adv, Mary Ann Eger
Vp natl mktg dir, Robert Previdi
Agency: NW Ayer, N.Y.
Exec vp-mng dir acct svcs, David
Gantman
Sr vp-exec acct dir, Anne
MacDonald
Vp mgmt supr, Anita Stewart
Exec vp-mng dir media svcs,
Marcello Rosen
Sr vp-grp media dir, Beth Gordon

87. DODGE DEALERS ASSOCIATION FRANCHISE Chrysler Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$27,708,400	\$24,478,200
Network radio	—	—
Spot radio	5,053,600	3,717,500
Outdoor	—	11,200
Network cable	—	—
Newspapers	622,200	982,900
Natl. synd.	—	—
Total	\$33,384,200	\$29,189,600

Marketing/brand management:
Vp mktg Dodge car & truck, John
Damoose

Mgr dealer assoc adv, Steve
Skallerud
Gen mktg mgr, Charles B. Kitz
(cars),
Larry Baker (trucks)
Dodge dealer mktg mgr, Tom
McAlear
Agencies: Various

88. IBM CORP. GENERAL PROMOTION International Business Machines Corp.

	Media investments	
	1988	1987
Magazines	\$10,042,000	\$ 8,823,100
Natl. Sun. mags.	154,800	270,500
Network tv	20,406,300	29,407,300
Spot tv	1,402,900	817,200
Network radio	—	172,800
Spot radio	—	180,100
Outdoor	8,000	8,900
Network cable	—	108,500
Newspapers	1,213,900	395,300
Natl. synd.	—	—
Total	\$33,227,900	\$40,184,400

Marketing/brand management:
Dir adv & prom, C. C. LaRoche
Dir adv & prom oper, M. C. Gury
Mgr print adv, M. B. Gordon
Agency: Wells, Rich, Greene, N.Y.
Exec vp grp head, David Sklaver
Mgmt supr, Jane Carlsen
Acct exec, Jim Roose
Asst acct exec, Liz Maffly
Vp grp head-media, Larry Lovello
Asst grp head-media, Virginia Rowe
Media plnr, Jeff Liebesmann, Jill
Mendelsohn

89. DURACELL BATTERIES Duracell, Inc.

	Media investments	
	1988	1987
Magazines	\$ 2,870,700	\$ 1,471,000
Natl. Sun. mags.	228,000	465,300
Network tv	23,852,900	23,750,400
Spot tv	1,327,900	1,618,000
Network radio	1,510,000	4,000
Spot radio	—	—
Outdoor	—	—
Network cable	547,900	623,700
Newspapers	398,800	258,000
Natl. synd.	2,451,300	1,798,600
Total	\$33,187,500	\$30,989,100

Marketing/brand management:
Vp mktg, Charles Kiernan
Consumer dir of mktg, Robert
Giacolone
Specialty dir of mktg, Mark Lucas
Agency: Ogilvy & Mather, N.Y.
Sr vp-grp dir, Mike Vaughn
Sr vp-assoc media dir, Mark Rice
Vp-mgmt supr, Kathy Moriarty
Vp-asst media dir, Beth LeMassier



Dukakis for President invested more than \$30 million on its man in 1988.

90. BLUE CROSS & BLUE SHIELD PLANS Blue Cross and Blue Shield Association

(Not including ads from regional operations and ads solely for Blue Cross Insurance, etc.)

	Media investments	
	1988	1987
Magazines	\$ 59,000	\$ 30,000
Natl. Sun. mags.	—	—
Network tv	17,553,400	4,426,600

Spot tv	13,558,500	15,879,400
Network radio	222,000	—
Spot radio	783,500	1,659,700
Outdoor	757,400	875,300
Network cable	—	3,100
Newspapers	—	1,110,000
Natl. Synd.	—	—
Total	\$32,933,800	\$23,984,100

Marketing/brand management:
 Sr vp-natl mktg div, Leonard E. Wood III
 Exec dir: Richard Maturi
 Vp comm, Duane Carlson
 Sr consultant, Tom Mura
 Exec dir, Lynne Peterson
Agency: Hal Riney & Partners, Chicago
 Sr vp-gm, Lisa Fortini-Campbell
 Vp-acct supr, Marty Kohr
 Vp-media dir, Catherine Gerber
 Media supr, Kelly Piacenza
 Media plnr, Rosemary Costello

91. MILK INDUSTRY PROMOTION American Dairy Association

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$15,707,100	\$23,129,900
Spot tv	11,979,200	7,831,900
Network radio	70,000	—
Spot radio	1,236,600	2,331,100
Outdoor	216,400	223,900
Network cable	1,823,100	915,200
Newspapers	—	—
Natl. synd.	1,899,300	806,600
Total	\$32,931,700	\$35,244,600

Marketing/brand management:
 Sr vp adv & mktg svcs, United Dairy Association and pres, American Dairy Association, Joseph B. Kelsch
 Vp mktg plng, Stephen A. Dohrmann
 Vp mktg svcs, Grover B. Simpson
 Dir adv svcs, Donna A. Arcus

Buy the wrong paper in Tampa Bay and you could be 20 years off target.



The average daily reader of the St. Petersburg Times is over 60 years old, and retired.

The Tampa Tribune's average readers are in their 40's, and shopping.

The Times may show a slightly higher circulation, but look at the demographics. If your target is under 60, it's a one-paper buy.

While 40% of the Times' readers are 65 and over, the Tribune offers you a larger average household size, higher average income and over 52,000 more daily and 115,000 more Sunday readers 18-54.

If you can't buy both papers, at least put your client where the buyers are: on target. **The Tampa Tribune**
 Tampa Bay's Newspaper

Contact Joe Gess at (813) 272-7447, your nearest Sawyer-Ferguson-Walker Office, or Publishers Representatives of Florida.
 Source: Belden Continuing Market Study 1988





Parent: United Dairy Industry Association
Agency: DMB&B, Chicago
 Sr vp grp acct dir, Ben Bishop
 Sr vp mgmt supr, Bob Meuser
 Vp acct supr, Andrea Dichter
 Sr vp dir media svcs, Joe Zeller
 Vp assoc media dir, Gail Fujisawa

92. NEW YORK TELEPHONE Nynex Corp.

	Media investments	
	1988	1987
Magazines	\$ 2,976,400	\$ 2,233,100
Natl. Sun. mags.	977,000	1,230,900
Network tv	—	—
Spot tv	16,197,800	14,874,800
Network radio	—	—
Spot radio	215,700	483,300
Outdoor	—	—
Network cable	—	—
Newspapers	12,398,700	8,314,800
Natl. synd.	—	—
Total	\$32,765,600	\$27,136,900

Marketing/brand management:

Vp external affairs, Ted J. Federici
 Asst vp adv, Michael C. Clendenin
 Dir adv, Louis Kruh

Agency: Young & Rubicam, N.Y.

Sr vp grp dir, Larry Shapiro
 Sr vp mgmt supr, Sean Healey
 Acct suprs, Margaret McKinley, John Morris
 Acct execs, Julie Butkiewicz, Charlie Herzog
 Sr vpr-media dir, Ira Trumpowsky
 Grp supr media, Mary Wyman

93. GENERAL MOTORS PARTS AND SERVICES General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$ 8,567,200	\$12,404,000
Natl. Sun. mags.	693,800	572,700
Network tv	15,472,800	13,889,500
Spot tv	373,600	184,600
Network radio	5,351,200	4,529,500
Spot radio	—	—
Outdoor	—	2,600
Network cable	442,400	55,000
Newspapers	1,328,200	785,800
Natl. synd.	260,000	594,600
Total	\$32,489,200	\$33,018,300

Marketing/brand management:

Gen dir sales & mktg, Richard

Sherman
 Mktg dir, David P. Robinson
 Adv mgr GM dealers, K.F. Robinson
Agency: DMB&B, Detroit
 Exec vp mgmt supr, Ted Teegarden
 Vp grp acct supr, Chuck Brandt
 Vp acct supr, Scott Hayes
 Acct exec, Cheryl Morgan
 Sr vp dir media svcs, George Rogers
 Vp grp media dir, Marty Choinski

94. NISSAN LIGHT TRUCKS Nissan Motor Co. Ltd.

	Media investments	
	1988	1987
Magazines	\$ 4,566,100	\$ 2,669,000
Natl. Sun. mags.	—	—
Network tv	5,977,500	9,517,600
Spot tv	19,277,300	11,333,600
Network radio	—	1,497,700
Spot radio*	2,498,400	793,000
Outdoor	—	—
Network cable	4,900	53,800
Newspapers	46,300	467,300
Natl. synd.	—	217,000
Total	\$32,370,500	\$26,549,000

*M&MD estimates

Marketing/brand management:

Dir mktg, John Nystrom
 Natl adv mgr, Tom Hushek
 Natl merch mgr, Mark Grimm
Agency: Chiat/Day, N.Y.
 Acct dir, Tom Patty
 Media dir, Hank Antosz

95. BUSCH BEER Anheuser-Busch Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$20,273,500	\$15,861,200
Spot tv	8,203,900	8,463,500
Network radio	—	—
Spot Radio	1,366,800	3,469,200
Outdoor	660,100	1,665,100
Network cable	1,648,000	1,214,100
Newspapers	110,900	181,200
Natl. synd.	—	—
Total	\$32,263,200	\$30,854,300

Marketing/brand management:

Exec vp mktg, Michael J. Roarty

Vp brand mgmt, Jack MacDonough
 Vp corp media/sports mktg, Charles B. Fruit
 Grp brand dir, Bob Merz
 Asst to exec vp, Mike Owens
 Prod mgr, Mike LaBroad
Agency: DDB/Needham
Worldwide, Chicago
 Acct supr, Bill Syrett
 Acct exec, Bob Merlotti
 Asst acct exec, Sue Zuckert
 Castor Spanish Intl.

96. KELLOGG'S SUGAR FROSTED FLAKES Kellogg Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$21,182,500	\$15,433,300
Spot tv	8,097,700	6,982,000
Network radio	—	17,200
Spot radio	72,600	—
Outdoor	—	—
Network cable	398,700	337,200
Newspapers	1,182,100	—
Natl. synd.	1,306,700	1,561,300
Total	\$32,240,300	\$24,331,000

Marketing/brand management:

Exec vp sales & mktg, M.D. Simpson
 Vp mktg, T.P. Mobsby
Agency: Leo Burnett Co. Inc., Chicago
 Exec vp acct dir, Jim Jenness
 Vp acct dir, Tim O'Day
 Acct supr, Larry Bruck
 Acct exec, Tim Leahy
 Exec vp media svcs, Willard Hadlock
 Sr vp media dir, Lincoln Bumba
 Asst media dir, John Muszynski
Minority Agency: Vince Cullers
Advertising, Chicago
 Acct supr, George Boykin
 Sr vp media dir, Jeff Cullers
 Media dir, Ed Renno

97. TOYS-R-US MISC. PROMOTIONS Toys-R-Us Inc.

	Media investments	
	1988	1987
Magazines	\$ 2,930,400	\$ 1,617,300
Natl. Sun. mags.	—	—
Network tv	3,022,300	3,049,600
Spot tv	7,700,200	7,357,000



Network radio	—	—
Spot radio	2,083,200	2,014,500
Outdoor	191,200	350,200
Network cable	187,300	130,700
Newspapers	14,822,600	21,729,700
Natl. synd.	1,050,500	723,800
Total	\$31,987,700	\$36,972,800

Marketing/brand management:
Vp adv & mktg, Ernest Speranza
Dir of adv, Pamela Troxel
Agency: Bohbot Communications Inc.

Vp acct supr, Frank Goldstein
Sr vp acct svcs, Burt Fradin
Sr vp natl media, Pat VandeCater
Sr vp local media, Lou Abitabilo
Exec vp acct svcs, Dennis Fogarty

98. DUPONT STAINMASTER CARPET

E.I. DuPont de Nemours & Co.

	Media investments	
	1988	1987
Magazines	\$ 2,069,400	\$5,246,800
Natl. Sun. mags.	621,000	—
Network tv	28,357,400	—
Spot tv	660,800	—
Network radio	—	—
Spot Radio	—	—
Outdoor	10,500	9,400
Network cable	211,900	—
Newspapers	30,900	14,800
Natl. synd.	—	—
Total	\$31,961,900	\$5,271,000

Marketing/brand management:
Flooring systems division:
Dir, John Carson
Bus dir-residential, Ken Hostelley
Mktg mgr, Bruce Koepcke
Mktg comm mgr, Gary Johnston
Agency: BBDO, N.Y.
Acct supr, Stuart Marvin
Acct exec, Catherine Morris
Exec vp media, Arnie Semsky
Media dir, Mike Drake
Vp-assoc media dir, Tom Fuld
Media supr, Peter Harrington

**There are 9
beer brands on
this year's list.**

99. WALGREEN DRUGS & TOILETRIES Walgreen Co.

	Media investments	
	1988	1987
Magazines	\$ 32,900	\$ 22,400
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	12,306,300	9,784,400
Network radio	—	—
Spot Radio	5,541,200	3,826,200
Outdoor	—	—
Network cable	—	—
Newspapers	14,013,100	21,347,700
Natl. synd.	—	—
Total	\$31,893,500	\$34,980,700

Marketing/brand management:
Vp mktg, Vern Brenner
Agency: Grenada Advertising Agency, in-house
Vp adv, Claude Hinton
Mgr media plng, Tom Rood

100. COORS EXTRA GOLD DRAFT BEER Adolph Coors Co.

	Media investments	
	1988	1987
Magazines	\$ 63,000	—
Natl. Sun. mags.	—	—
Network tv	10,785,000	—
Spot tv	14,013,200	\$4,718,800
Network radio	—	—
Spot radio	4,444,000	890,300
Outdoor	88,300	471,300
Network cable	988,900	—
Newspapers	—	—
Natl. synd.	1,358,200	—
Total	\$31,740,600	\$6,080,400

Marketing/brand management:
Exec vp sales & mktg, Robert A. Recholtz
Vp brand mktg, Gary Naifeh
Brand dir, Mike Marramzino
Brand mgr, Gary Skovsted
Vp intl mktg devel, Rob Klugman
Agency: GSD&M, Austin, TX
Sr vp acct dir, Chuck Grady
Acct supr, Michael Stout
Acct mgr, Mary Prisco
Sr vp dir Hispanic svcs, Raoul Rodriguez
Acct mgr, Harriett Vaughn

101. K MART STORES GENERAL PROMOTIONS K mart Corp.

	Media investments	
	1988	1987
Magazines	\$ 111,600	—
Natl. Sun. mags.	—	—
Network tv	20,371,000	\$ 4,531,200
Spot tv	1,870,100	1,511,900
Network radio	—	76,900
Spot radio	2,134,700	1,188,800
Outdoor	—	3,700
Network cable	502,400	95,500
Newspapers	5,365,400	7,489,500
Natl. synd.	948,200	284,800
Total	\$31,303,400	\$14,182,300

Marketing/brand management:
Vp dir mktg, M.G. Wellman
Dir adv, G.K. Habeck
Agency: Ross Roy, Detroit
Exec vp dir retail oper, Peter C. Vetowich
Sr vp grp mgmt supr, Roger Sherman
Sr vp acct supr, Lawrence R. Haddock
Vp acct supr, Lissa K. Papizan
Sr vp dir media svcs, Gerald N. Moody
Vp grp media dir-plnr, Alfred A. Duz (print)
Vp grp media dir, Patricia Cuda (brdcast)

102. LINCOLN-MERCURY DEALERS ASSOCIATION Ford Auto Dealers Association

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$15,001,600	\$18,971,300
Network radio	—	—
Spot radio	2,736,800	892,500
Outdoor	333,900	362,900
Network cable	—	—
Newspapers	13,045,500	8,496,800
Natl. synd.	—	—
Total	\$31,117,800	\$28,723,500

Marketing/brand management:
Lincoln-Mercury Division
Vp & gen mgr, Ross H. Roberts
Gen sales mgr, Edsel B. Ford II
Gen mktg mgr, Mark W. Hutchins
Dealer ad mgr, Chuck W. Schneider



Ad mgr, Steve C. Taylor
Media coor, John T. Anderson
Parent: Ford Motor Co.
Agency: Young & Rubicam,
Detroit
Sr vp grp dir, Peter Harris
Vp acct supr, Leo Ahern
Sr vp, media dir, Ken Pool
Vp, assoc media dir, Martha Thomas
Media grp supr, Christine Waldo

103. CHRYSLER NEW YORKER Chrysler Motors Corp.

	Media investments	
	1988	1987
Magazines	\$12,088,500	\$ 631,500
Natl. Sun. mags.	186,900	—
Network tv	16,542,100	965,300
Spot tv	726,000	632,700
Network radio	—	—
Spot radio	—	—
Outdoor	198,700	5,700
Network cable	814,800	84,700
Newspapers	186,900	—
Natl. synd.	35,700	—
Total	\$31,020,000	\$2,319,900

Marketing/brand management:

Gen mktg mgr, C.J. Vitulli
Dealer mktg mgr, W. Klinger
Natl adv mgr, Jim Jandasek
Natl mktg plans mgr, Steve Bruyn
Agency: Bozell, Birmingham,
Mich.

Sr vp-mgmt supr, L. Vernon
Vp-acct supr, C. Russo
Sr acct exec, N. Sparrer
Acct exec, J. Strabbing
Sr vp-media dir, P. Matz
Sr vp-dir plng, E. Kruger
Assoc media dir, P. Floyd

104. DISCOVER CREDIT CARD SERVICE Sears Roebuck & Co.

	Media investments	
	1988	1987
Magazines	\$ 184,900	\$ 4,316,300
Natl. Sun. mags.	—	—
Network tv	10,525,200	20,419,500
Spot tv	2,222,600	5,156,200
Network radio	14,413,300	4,885,800
Spot radio	—	10,100
Outdoor	—	52,700
Network cable	3,054,400	610,300
Newspapers	89,900	783,600
Natl. synd.	515,300	779,600
Total	\$31,005,600	\$37,014,300

Marketing/brand management:

First vp-Dean Witter grp mktg, Bill Walsh
Dir grp adv, mktg comm svcs, Ernie Campo
Agency: DDB Needham
Worldwide, Chicago
Sr vp-grp acct dir, Ray Gillette
Sr acct supr, Elaine Roach
Acct supr, Tony Priore
Acct exec, Kathy Kneip
Vp-assoc media dir, Geoff McClelland
Media supr, Jeff Rezzuto
Vince Cullers Advertising
Mktg dir, George Boykin
Vp media, Jeff Cullers
Media coordinator, Steve Pickett



105. JACK-IN-THE-BOX RESTAURANTS Foodmaker Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$22,649,500	\$19,317,300
Network radio	—	—
Spot radio	7,768,300	6,495,500
Outdoor	259,300	106,200
Network cable	—	—
Newspapers	37,800	19,800
Natl. synd.	—	—
Total	\$30,714,900	\$25,938,800

Marketing/brand management:

Exec vp mktg, Mohammad Iqbal
Dir adv & prom, John Farrar
Dir sls mktg & prom, Michael Sick
Div vp prod mktg, Paul Haack
Dir mkt res, Bruce Frazer
Sr brand mgr, Karen Wagner
Agency: Cohen/Johnson, L.A.
Vp acct grp dir, Tom Ruffino



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**106. WRIGLEY'S
SPEARMINT GUM**
Wm. Wrigley, Jr. Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$19,658,900	\$13,020,100
Spot tv	5,529,500	7,474,300
Network radio	—	1,616,800
Spot radio	—	529,700
Outdoor	4,800	—
Network cable	1,877,500	1,656,300
Newspapers	—	—
Natl. synd.	3,617,600	1,453,000
Total	\$30,688,300	\$25,750,200

Marketing/brand management:

Exec vp mktg, Ronald O. Cox
Mktg dir, Gary Bebee
Asst vp mktg, Susan Sherry
Mktg mgr, Ron Boyum
Agency: BBDO, Chicago
Sr vp mgmt supr, Tonise Hayden
Acct exec, Stacie Boney
Sr vp exec media dir, Robert Garrison
Vp dir media plng, Kathy Segal
Vp assoc media dir, Deb Nevin

**107. DUKAKIS FOR
PRESIDENT**
Dukakis for President
Committee

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$14,142,100	—
Spot tv	15,478,600	—
Network radio	24,100	—
Spot radio	72,000	—
Outdoor	—	—
Network cable	998,800	—
Newspapers	—	—
Natl. synd.	—	—
Total	\$30,643,600	—

Agency: Harriett Yellin Media
Media dir for Dukakis for Pres,
Harriett Yellin



108. TOYOTA CAMRY
Toyota Motor Corp

	Media investments	
	1988	1987
Magazines	\$ 4,782,600	\$ 3,454,200
Natl. Sun. mags.	203,800	233,800
Network tv	13,773,500	8,507,400
Spot tv	10,189,700	4,820,800
Network radio	—	—
Spot radio	—	—
Outdoor	99,300	—
Network cable	446,100	269,000
Newspapers	122,100	—
Natl. synd.	899,700	548,200
Total	\$30,516,800	\$17,833,400

Marketing/brand management:

Vp corp mktg mgr, George Borst
Natl adv mgr, David Pellicioni
Adv mgr cars, Jerry Giaquinta
**Agency: Saatchi & Saatchi DFS/
West, Torrance**
Vice chmn exec mgmt dir, Joe Cronin
Exec vp mgmt supr, Warren Benjamin
Vp acct supr, Cathy Moylan
Sr vp media dir, Richard Weigand
Vp assoc media dir, Katherine Jaris

**109. K MART HOUSEHOLD
PRODUCTS**
K mart Corp.

	Media investments	
	1988	1987
Magazines	\$ 4,788,800	\$ 1,752,900
Natl. Sun. mags.	135,500	237,800
Network tv	6,902,200	4,509,400
Spot tv	2,701,800	2,349,600
Network radio	964,300	255,900
Spot radio*	1,067,300	594,400
Outdoor	10,500	78,500
Network cable	410,400	752,800
Newspapers	12,647,800	13,978,500
Natl. synd.	1,015,600	667,400
Total	\$30,374,200	\$25,177,200

*M&M estimates

Marketing/brand management:

Vp mktg, M.G. Wellman
Dir adv, G.K. Habeck
Agency: Ross Roy, Detroit
Exec vp dir retail oper, Peter C. Vetowich

Sr vp grp mgmt supr, Roger Sherman
Sr vp acct supr, Lawrence R. Haddock

Vp acct supr, Lissa K. Papizan
Sr vp dir media svcs, Gerald N. Moody
Vp grp media dir/plnr, Alfred A. Duz (print)
Vp grp media dir, Patricia Cuda (brdcast)

**110. BEEF INDUSTRY
COUNCIL**

	Media investments	
	1988	1987
Magazines	\$ 2,302,200	\$ 5,558,800
Natl. Sun. mags.	—	—
Network tv	22,986,900	13,877,300
Spot tv	582,600	376,900
Network radio	3,642,000	3,072,300
Spot radio	493,400	244,400
Outdoor	—	—
Network cable	233,700	380,900
Newspapers	—	104,100
Natl. synd.	—	525,600
Total	\$30,240,800	\$24,140,300

Marketing/brand management:

Exec vp mkt, John Francis
Vp-adv dir, Jeanne M. Sowa
Parent: National Livestock & Meat Board
Agency: Ketchum Communications, San Francisco
Pres, Dianne Snedaker
Sr vp dir biz dev-mng supr, Terry DiCarlo
Acct execs, Susan Briganti, Rick Reilly
Sr vp-media dir, Mary Murphy
Media supr, Greg Montana

111. OLDSMOBILE CUTLASS
General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$ 5,184,700	\$ 185,800
Natl. Sun. mags.	—	—
Network tv	11,544,400	3,970,300
Spot tv	1,151,800	12,277,000
Network radio	—	—
Spot radio	3,478,000	3,322,500
Outdoor	19,000	100
Network cable	37,800	48,600
Newspapers	8,616,200	8,384,500
Natl. synd.	90,200	—
Total	\$30,122,100	\$28,188,800





Marketing/brand management:
Prod mktg mgr, S.D. McAlpine
Agency: Leo Burnett Co.,
Southfield, Mich.

Sr vp client svc dir, Ted Jordan
Vp acct dir, Neil Lichtman
Sr vp media, Rob Wisniewski

112. DE BEERS DIAMONDS
De Beers Con. Mines

	Media investments	
	1988	1987
Magazines	\$19,437,100	\$20,090,000
Natl. Sun. mags.	—	—
Network tv	10,229,200	10,628,600
Spot tv	75,500	162,500
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	154,200	35,600
Newspapers	—	—
Natl. synd.	—	—
Total	\$29,896,000	\$30,916,700

Marketing/brand management:
Dir, consumer adv div, Jeremy Pudney
Reg mgr-Americas, Peter Maddick
Mkt cntlrs, Stephen Lussier, Nicholas Graham Smith
Agency: NW Ayer, New York
Exec vp-mnging dir acct srvc, Chuck Meding
Sr vp-mgmt supr, Judy Laughren
Vp-acct supr, Marc Capra
Sr vp-grp media dir, Beth Gordon
Vp-assoc media dir, Jean Connolly
Media supr, Barbara Spurza

113. NISSAN PASSENGER CARS

Nissan Motors Co. Ltd.

	Media investments	
	1988	1987
Magazines	\$ 1,078,000	\$ 285,900
Natl. Sun. mags.	—	—
Network tv	6,913,000	12,365,800
Spot tv	11,337,600	\$14,388,500
Network radio	—	544,000
Spot radio	3,047,100	423,500
Outdoor	—	108,800
Network cable	45,200	60,600
Newspapers	6,743,800	4,845,100
Natl. synd.	392,100	230,000
Total	\$29,556,800	\$33,252,200

Marketing/brand management:
Dir mktg, John Nystrom
Natl mgr reg mktg, Brian Barrett

Mgr regional mktg support, Susan Furedi
Adv prog mgr gen sus, Dale Finley
Reg mktg program mgr (south), Gary Kirschke
Reg mktg prog mgr (north), Mark Pozorski
Agency: Chiat/Day L.A.
Exec vp acct dir, Tom Patty
Media dir, Hank Antosz

114. FORD ESCORT
Ford Motor Division

	Media investments	
	1988	1987
Magazines	\$ 7,050,00	\$ 3,334,700
Natl. Sun. mags.	—	—
Network tv	15,961,100	10,559,800
Spot tv	5,465,900	3,256,500
Network radio	—	—
Spot radio*	49,800	14,800
Outdoor	38,100	21,500
Network cable	450,600	417,400
Newspapers	—	—
Natl. synd.	518,900	296,500
Total	\$29,534,400	\$17,901,200

*M&MD estimates

Marketing/brand management:
Vp gm, T.J. Wagner
Gen mktg mgr, Phil Novell
Adv mgr, John Vanderzee
Car ad mgr, R.W. Lisenby
Agency: J. Walter Thompson, Detroit
Exec vp gm, Chuck Balestrino
Sr vp Ford acct dir, Ron Buckhammer
Media dir, Bob Reuschle
Vp grp media dir (cars & trucks), Paul Hunt
Vp grp media dir (cars), Tom Johnson
Supr Ford car, Rich Rivera
Sr vp media dir net brdcast, Ron Frederick
Black agency: Burrell Advertising, Chicago
Sr vp grp dir, C. Curry
Acct supr, Robert Jackson
Sr vp media, Nick Howse
Assoc media dir, Zeline Kelly
Hispanic agency: Mendoza, Dillon & Asociados, Newport Beach, Calif.
Sr vp client svcs, Robert Howells

Acct supr, Ingrid Otero
Vp media dir, Terry Silverman
Media plnr (Ford), Robert Alvarado

115. MACY'S WOMEN'S APPAREL
Macy Acquiring Corp.

	Media investments	
	1988	1987
Magazines	\$ 956,500	\$ 800,900
Natl. Sun. mags.	—	76,700
Network tv	—	—
Spot tv	1,265,200	790,900
Network radio	—	—
Spot radio*	2,700	1,500
Outdoor	—	—
Network cable	—	—
Newspapers	27,249,600	25,406,800
Natl. synd.	—	—
Total	\$29,474,000	\$27,076,800

*M&MD estimates

Marketing/brand management:
Sr vp sls & prom, Rosanne Cooper
Mktg dir brdcast, Howard Adler
Prod admin, Joe Civitillo
Agency: In-House

116. SUBARU PASSENGER CARS

Subaru of America

	Media investments	
	1988	1987
Magazines	\$ 2,547,700	\$ 3,917,000
Natl. Sun. mags.	—	79,000
Network tv	14,543,800	19,874,300
Spot tv	10,424,100	13,229,700
Network radio	—	2,871,200
Spot radio	—	—
Outdoor	—	—
Network cable	489,700	578,800
Newspapers	1,041,700	6,329,100
Natl. synd.	302,500	533,400
Total	\$29,349,500	\$47,412,500

Marketing/brand management:
Dir adv & merch, Chris Wackman
Natl dist mktg mgr, Bill Bergmann
Partner: Fuji Heavy Industries
Agency: Levine, Huntley, Schmidt & Beaver Inc. N.Y.
Sr vp grp dir (natl & dist bus), Terry Bonaccolta
Subaru national account group:





Vp mgmt supr, Michael Elkish
Vp, acct supr, Jerry Noonan
Acct supr, Aaron Belson
Acct exec, Jeffrey Petre
Acct exec, Cheri Stern
Vp dir media srves, Ed Ronk
Dir plng, Michael Sadowsky
Print media dir, Vivian Riley
Media suprs, Andrea Blumenthal,
Tom Volk
Media plnrs, Queenie Lee, Beth
Clayton

117. CAMPBELL'S CANNED SOUPS Campbell Soup Co.

	Media investments	
	1988	1987
Magazines	\$ 3,739,600	\$ 4,380,500
Natl. Sun. mags.	133,400	—
Network tv	14,307,700	14,806,100
Spot tv	679,200	1,519,700
Network radio	4,298,500	5,255,800
Spot radio	1,262,300	599,700
Outdoor	441,100	91,000
Network cable	455,400	478,600
Newspapers	2,577,600	214,500
Natl. synd.	1,442,800	1,058,900
Total	\$29,340,600	\$28,404,800

Marketing/brand management (condensed soup):

Category gen mgr, Don Goerke
Mktg dirs, Jay Wissink, Betty Cronin
Mktg mgrs, Dale Thompson, Roberta
Kitchenoff, Brent Walker, Griff
Parker

Dir reg mktg, Bob Steenrod
Asst mktg mgr, Pat Holmes
Dir warehouse oper, Mark Evans

R-T-S Group:

Category gm, Kathleen MacDonnell
Dir mktg, Bill Allen
Mktg mgrs, Terry Cruikshank, Laura
Klein, Greg Kane
Mktg dir, John Haring

**Bush for
President
spent over \$38
million in 1988
for the seat in
the White House.**

Dry:

Category gm, Paul Comisky
Assoc mktg mgrs, Jamie Rosati,
Peggy Kane
Controller, Lon Alness
Mgr financial planning & analysis,
Bill Waldron

Mgr-accting, Rober Bunke
Agencies: CSC Advertising,
Camden, N.J. (in-house)

Vp, Paul Mulcahy
Dir media svc, George Mahrlig
Backer Spielvogel Bates, N.Y.
Exec vp, Joseph Prior

Sr vp-mgmt supr, Pam Marcus
Vp-acct supr, Nancy Adler
Acct supr, Brenda Clumpp
Exec vp media, Jay Schoenfeld
Sr vp, Ann Meschery
Vp media, Diane Metzler

118. CHEVROLET CAVALIER General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$ 6,991,700	\$ 4,901,300
Natl. Sun. mags.	—	90,500
Network tv	16,111,300	6,790,300
Spot tv	4,774,800	4,718,700
Network radio	—	—
Spot radio	64,000	1,380,000
Outdoor	547,000	288,900
Network cable	284,800	79,800
Newspapers	287,600	621,500
Natl. synd.	177,900	167,900
Total	\$29,239,100	\$19,038,900

Marketing/brand management:

Mgr adv pass cars, Danielle Colliver
Mktg mgr pass cars, Steve D.
McAvoy
Gen mktg mgr, Mike Erdman
Natl mgr pass car merch, John C.
Burrow

Agency: Lintas: Campbell-Ewald,
Warren, Mich.

Sr vp grp dir, Tom Thompson
Sr vp grp acct supr, Michael J. Ryan
Acct suprs, David Scott, Pete
Rentschler, Tim Keaton
Media dir, Louis M. Schultz
Grp sr vp assoc media dir, Robert
Gervason
Vp assoc media dir, Catherine Curry
Sr vp grp media dir print, Karen
Ritchie

Sr vp grp media dir brdcast, Judith E.
Sawyer

Sr vp dir natl brdcast media, Barbara
A. Munroe

Sr vp dir local media, Robert I.
Mitchell

Vp assoc media dir (natl), Pat Sharp

Vp assoc media dirs (area mktg),
John A. Winkelseth,
Bruce Weber, Caryn Gray

119. FORD TAURUS Ford Motor Co.

	Media investments	
	1988	1987
Magazines	\$ 7,779,000	\$ 5,800,500
Natl. Sun. mags.	—	—
Network tv	16,607,400	16,189,700
Spot tv	3,621,900	3,372,300
Network radio	—	—
Spot radio	—	—
Outdoor	38,600	38,100
Network cable	644,100	477,900
Newspapers	—	457,600
Natl. synd.	538,100	647,300
Total	\$29,229,100	\$26,983,400

Marketing/brand management:

Ford Division:

Vp-gm, T.J. Wagner

Gen mktg mgr, Phil Novell

Adv mgr, John Vanderzee

Car ad mgr, R. J. Gillooly (cars)

Dealer ad mgr, R.W. Lisenby

Agency: J. Walter Thompson,
Detroit

Exec vp-gm, Chuck Balestrino

Sr vp Ford acct dir, Ron

Buckhammer

Media dir, Bob Reuschle

Vp-grp media dir (cars & trucks),

Paul Hunt

Vp-grp media dir (cars), Tom

Johnson

Sr vp-media dir net brdcast, Ron

Frederick

Supr Ford car, Rich Rivera

Hispanic markets agency:

Mendoza, Dillon & Asociados

Sr vp clinet svcs, Robert Howells

Acct supr, Ingrid Oterro

Vp media dir, Terry Silverman

Media plnr (Ford), Robert Alvarado

Black agency:

Burrell Advertising, Chicago

Sr vp-grp dir, C. Curry

Acct supr, Robert Jackson

Sr vp-media dir, Nick Howse

Assoc media dir, Zeline Kelly



**120. MONTGOMERY WARD
HOUSEHOLD ITEMS**
*Montgomery Ward & Co.
Inc.*

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$ 888,500	\$ 731,900
Network radio	—	—
Spot radio	516,800	—
Outdoor	—	—
Network cable	—	—
Newspapers	25,121,800	27,938,900
Natl. synd.	—	—
Total	\$29,187,600	\$28,670,800

Marketing/brand management:
Exec vp mktg, Jack Daynerd
Dir of adv, William Motsinger
**Agencies: Safer Advertising,
Chicago**

Vp media dir, Bill Blaha
Vp client svcs, Nancy Bernstein
Acct suprs, Mark Doucett, Kristin
Rafkin
Acct exec, Carrie Novack

**121. MCI LONG DISTANCE
TELEPHONE SERVICE**
MCI Communications Corp.

	Media investments	
	1988	1987
Magazines	\$ 200,800	\$ 6,600
Natl. Sun. mags.	—	—
Network tv	24,469,300	7,482,600
Spot tv	447,900	36,200
Network radio	—	—
Spot radio	2,862,600	2,205,300
Outdoor	21,000	—
Network cable	106,800	—
Newspapers	1,030,500	13,964,600
Natl. synd.	—	—
Total	\$29,138,900	\$23,695,300

Marketing/brand management:
Sr vp sls & mktg, Stuart Mencher
Vp adv sls prom, Judy Ranzer
Agency: Wells, Rich, Greene, N.Y.
Exec vp media, Steve Farella
Vp media pln dir, Chris Tinkham
Sr vp acct grp head, Charles Evans

**122. MARLBORO FILTER
CIGARETTES**
Philip Morris U.S.A.

	Media investments	
	1988	1987
Magazines	\$ 4,740,300	\$ 8,211,700
Natl. Sun. mags.	—	106,300
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	24,312,800	16,774,600
Network cable	—	—
Newspapers	—	2,768,600
Natl. synd.	—	—
Total	\$29,053,100	\$27,861,200

Marketing/brand management:
Grp dir, Nancy Brennan Lund
Dir media, Richard L. Stirlen
Agency: Leo Burnett Inc., Chicago

Exec vp, Jim Oates
Sr vp acct dir, Peter Volz
Vp acct supr, Paul Driggs
Exec vp media svcs, Willard
Hadlock
Vp media dir, Bob Houghtlin

**123. APPLE MACINTOSH
COMPUTER SYSTEM**
Apple Computer Inc.

	Media investments	
	1988	1987
Magazines	\$ 4,941,300	\$ 7,445,200
Natl. Sun. mags.	43,600	—
Network tv	21,479,300	2,678,400
Spot tv	1,747,500	1,424,300
Network radio	—	—
Spot radio*	179,700	2,005,000
Outdoor	—	—
Network cable	298,500	186,700
Newspapers	—	—
Natl. synd.	36,400	7,100
Total	\$28,996,300	\$13,746,700

*M&M estimates

Marketing/brand management:
Biz adv & sls prom mgr, Janet
Stauss
Dir mktg for biz mkt, Kieth Phillips
Education adv & sls prom mgr,
Sharon Lack
Dir for K-12 ed, Betsy Pace
Dir higher ed, Burt Cummings

Agency: BBDO/West
Acct supr, Seth Romanow
Acct exec, Kelly Green
Media dir, Ron Harrison
Media supr-bus, Bonnie Shakker
Media supr-ed, Lori Teicher Burke

124. COORS BEER
Adolf Coors Co.

	Media investments	
	1988	1987
Magazines	\$ 293,600	\$ 423,000
Natl. Sun. mags.	—	—
Network tv	7,988,400	16,844,000
Spot tv	10,138,300	6,196,500
Network radio	—	8,400
Spot radio	5,469,700	5,709,000
Outdoor	2,043,300	1,735,900
Network cable	1,020,000	665,800
Newspapers	1,068,800	1,314,600
Natl. synd.	810,200	215,900
Total	\$28,832,300	\$33,113,100

Marketing/brand management:
Exec vp sls & mktg, Robert Recholtz
Vp brand mgmt, Gary Naireh
Brand dir, Mike Marramzino
Agency: GSD&M, Austin, TX
Chmn ceo, Steve Gurasich
Sr vp, Chuck Grady
Acct dir, Steve Wille
Acct supr, J.B. Raftus
Sr vp-dir Hispanic svcs, Raoul
Rodriguez
Black Agency: UniWorld
Chmn ceo, Byron Lewis
Vp grp acct dir, Ron Campbell

**125. ALLSTATE HOMEOWNERS
INSURANCE**
Sears Roebuck & Co.

	Media investments	
	1988	1987
Magazines	\$ 1,554,100	\$ 60,400
Natl. Sun. mags.	—	73,200
Network tv	11,847,700	5,847,700
Spot tv	1,834,300	3,160,400
Network radio	6,735,300	3,300,400
Spot radio*	777,400	794,200
Outdoor	—	—
Network cable	223,600	252,800
Newspapers	—	—
Natl. synd.	—	34,200
Total	\$28,678,100	\$13,523,300

*M&M estimates

Marketing/brand management:
Vp prod adv, John Flieder





Agency: Leo Burnett, Chicago
Acct supr, Jim McNitt
Media dir, Don Amos
Assoc media dir, Dan Albert
Acct dir, Ron Sims

126. CENTURY 21

REAL ESTATE

Century 21 Real Estate Corp.

	Media investments	
	1988	1987
Magazines	\$ 1,050,400	\$ 898,200
Natl. Sun. mags.	—	—
Network tv	21,424,300	23,531,600
Spot tv	2,186,500	2,994,900
Network radio	—	—
Spot radio	2,537,100	2,221,800
Outdoor	148,400	49,100
Network cable	34,100	24,800
Newspapers	1,294,300	1,030,300
Natl. synd.	—	—
Total	\$28,675,100	\$30,750,700

Marketing/brand management:

Sr vp-mktg & adv, Bruce Oseland
Dir adv, Phillip Langford
Parent: Metropolitan Life Insurance Co.

Agency: McCann-Erickson, L.A.

Sr vp-mgmt rep, Alan Burgis
Reg vp-acct dir, Joe Van Sickle
Natl vp-acct dir, Bob Sutter
Natl acct supr, Colin Schleining
Sr vp, media dir, Jim Surmanek
Reg acct supr, Kathy Lovelace
Media supr, Luke Andros

127. WRIGLEY'S DOUBLEMINT GUM

Wm. Wrigley Jr. Co.

	Media investments	
	1988	1987
Magazines	\$ 1,370,400	\$ 1,118,500
Natl. Sun. mags.	—	—
Network tv	12,515,300	14,085,700
Spot tv	8,010,900	8,037,900
Network radio	2,779,300	3,977,800
Spot radio	—	180,500
Outdoor	6,700	20,700
Network cable	1,851,800	1,873,400
Newspapers	—	—
Natl. synd.	2,107,800	1,858,600
Total	\$28,642,200	\$31,153,100

Marketing/brand management:

Exec vp mktg, Ronald O. Cox
Mktg dir, Gary Bebee
Mktg mgr, Ron Boyum

Agency: BBDO, Chicago

Sr vp mgmt supr, Tonise Hayden
Acct supr, Jill Brown
Sr acct exec, Staci Boney
Sr vp media dir, Robert Garrison
Vp dir of plng, Kathy Segal
Vp assoc media dir, Nancy Swiet

128. TOYOTA PASSENGER

CARS & LIGHT TRUCKS

Toyota Motor Corp.

	Media investments	
	1988	1987
Magazines	\$ 214,800	\$ 38,900
Natl. Sun. mags.	—	—
Network tv	4,222,800	591,700
Spot tv	19,808,800	20,578,200
Network radio	—	—
Spot radio	3,698,800	2,176,400
Outdoor	70,000	290,000
Network cable	267,100	58,700
Newspapers	no data	no data
Natl. synd.	297,800	202,500
Total	\$28,579,400	\$23,936,400

Marketing/brand management:

Toyota Motor Sales U.S.A.:
Vp corp mktg mgr, George Borst
Natl adv mgr, David Pelliccioni
Adv mgr trucks, Don Cecconi
Adv mgr cars, Jerry Giaquinta
Adv admin trucks, Mark Gelfond
Parent: Toyota Motor Co. Ltd.
Local Dirs.

Agency: Saatchi & Saatchi DFS Inc., Torrance, Calif.

Vice chmn exec mgmt dir, Joe Cronin
Sr vp grp supr, David Doyle
Acct supr (trucks), Dixon Head
Acct supr (cars), Cathy Moylan
Exec vp mgmt supr (cars), Warren Benjamin
Sr vp media dir, Richard Weigand
Vp assoc media dir, Katherine Jaris

Four cigarette companies made it into the Top 200.

129. MEDIPREN PAIN RELIEVER TABLETS & CAPLETS

McNeil Consumer Products Co.

	Media investments	
	1988	1987
Magazines	—	\$ 549,600
Natl. Sun. mags.	—	—
Network tv	\$24,472,700	30,275,500
Spot tv	1,600,100	1,145,700
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,050,000	890,600
Newspapers	360,200	101,700
Natl. synd.	1,081,900	2,524,400
Total	\$28,564,900	\$35,487,000

Marketing/brand management:

Pres, Chandler D. Simonds
Dir of prod mgmt, James T. Lenehan
Grp prod dir, William A. Slivka
Prod dir, Don Casey
Asst prod dirs, Hunter Correa, Elizabeth Schnitzler
Parent: Johnson & Johnson
Agency: Lowe Marschalk Inc., N.Y.

Sr vp mgmt supr, Rob Petersen
Vp acct supr, Michael D'Souza
Acct exec, Catta Morris
Asst acct exec, Durk Barnhill
Exec vp media dir, Stephen M. Segal
Vp-assoc media dir, Art Tatnell
Media group head, Vera Barta
Media supr, Ikuo Komae
Sr media plnr, Kathy Katemopoulos

130. MERRILL LYNCH STOCKBROKERS

Merrill Lynch, Pierce, Fenner & Smith Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$27,215,700	\$19,360,100
Spot tv	11,800	37,500
Network radio	—	—
Spot Radio	1,162,300	1,443,800
Outdoor	—	—
Network cable	676,200	218,400
Newspapers	no data	no data
Natl. synd.	—	15,700
Total	\$28,378,000	\$21,075,500

Marketing/brand management:

Vp corp staff-mgr corp adv, James W. Walsh



Vp mgr indiv mktg comm, David Nathans
 Vp mgr bus mktg comm, William A. Dennison
 Vp comm-capital mkts, Joanne Tutschek
Agency: Bozell, N.Y.
 Sr vp mgmt reps, Gerald Sherwin (corp, consumer mkts), Dennis Zolnierzak (capital mkts)
 Sr vp media dir, Joel Kushins
 Sr vp media mgr, Harry Glass

131. HOLIDAY INNS Holiday Corp.

	Media investments	
	1988	1987
Magazines	\$ 169,200	\$ 1,119,800
Natl. Sun. mags.	16,600	7,500

Network tv	13,682,100	10,235,600
Spot tv	2,172,000	1,712,900
Network radio	—	—
Spot radio	584,400	132,700
Outdoor	3,213,100	3,384,500
Network cable	513,900	1,701,000
Newspapers	8,019,700	8,762,100
Natl. synd.	—	—
Total	\$28,371,000	\$27,056,100

Marketing/brand management: Sr vp worldwide mktg, Raymond Lewis

Vp consumer mktg, Kevin Jeter
 Dir adv & prom, Sara Sampson
 Grp dir natl mktg, Steven Pike
Agency: Young & Rubicam, N.Y.
 Media dir, Beth Rockwood
 Grp supr, Don Davis
 Gm, George Guimaraes
 Acct supr, Mary Ellen Kenny

132. U.S. ARMED FORCES RECRUITING

Joint Recruiting Advertising Program

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$24,198,200	\$22,855,500
Spot tv	800	—
Network radio	—	—
Spot radio*	—	19,100
Outdoor	—	2,900
Network cable	1,974,500	2,399,900
Newspapers	1,825,600	—
Natl. synd.	365,700	—
Total	\$28,364,800	\$25,277,400

*M&MD estimates

Marketing/brand management:

Dir joint recruiting adv prog, Lynn Lucchetti
Parent: Department of Defense
Agency: Grey, New York
 Sr vp mktg rep, Robert A. Ravitz
 Exec vp media & prog srvc, Alec Gerster

133. BUICK DEALERS ASSOCIATION FRANCHISE

	Media investments	
	1988	1987
Magazines	—	\$ 15,700
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$21,935,300	17,920,600
Network radio	—	7,400

**To cover Houston,
 split your buy
 between
 the two biggest
 newspapers:**



200

Spot radio	362,700	944,300
Outdoor	5,300	—
Network cable	—	—
Newspapers	5,991,100	2,959,400
Natl. synd.	—	—
Total	\$28,294,400	\$21,847,400

Marketing/brand management:
 Buick Motor Div., General Motors:
 Vp-gm, E.H. Mertz
 Gen sls & srvc mgr, R.E. Coletta
 Gen mkt mgr, D.E. Clark
 Gen dir adv, J.W. Qualman
Parent: General Motors Corp.
 Dirs. Assoc.
Agencies: Various



134. FORD MOTOR CO. GENERAL PROMOTION

	Media investments	
	1988	1987
Magazines	\$ 348,000	\$ 712,900
Natl. Sun. mags.	—	—
Network tv	22,124,300	17,248,600
Spot tv	171,700	507,800
Network radio	5,097,900	7,744,300
Spot radio	—	—
Outdoor	129,400	18,000
Network cable	122,400	158,700
Newspapers	(No data)	(No data)
Natl. synd.	123,700	569,900
Total	\$28,117,400	\$26,960,200

Marketing/brand management:
 Exec dir mktg staff, J.G. O'Connor
 Dir adv & mktg strategy, D.T. McClure
 Adv & comm mgr, F.R. Wuellner
 Media suprs, H.M. Myers
Agency: Wells, Rich, Greene, Dearborn, MI
 Sr vp grp dir, James B. Lawrence
 Vp mgmt supr, Victor Emmanuele (N.Y.)
 Vp acct supr, Rober Swann (N.Y.)
 Vp sr acct supr, Conrad J. Welsing, Jr.
 Sr acct exec, Philip Alandt
 Vp media dir, Arthur Edelstein
Black agency: Burrell Advertising, Chicago
 Sr vp grp dir, C. Curry
 Acct supr, Robert Jackson
 Sr vp media, Nick Howse
 Assoc media dir, Zeline Kelly

135. FORD RANGER COMPACT TRUCKS Ford Motor Division

	Media investments	
	1988	1987
Magazines	\$ 8,262,700	\$ 8,274,100

Natl. Sun. mags.	—	—
Network tv	14,821,600	12,176,800
Spot tv	3,948,200	3,757,400
Network radio	—	—
Spot radio	—	—
Outdoor	48,800	16,700
Network cable	378,900	390,600
Newspapers	(no data)	(no data)
Natl. synd.	210,400	223,300
Total	\$27,670,600	\$24,838,900

Marketing/brand management:

The daily Chronicle and The Sunday Chronicle.

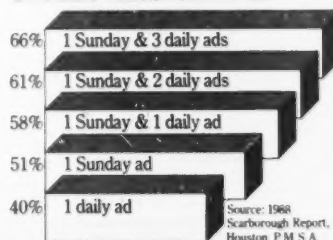
The Chronicle reaches Houstonians with astonishing ease. For instance, one daily Chronicle ad reaches more readers than two insertions in the city's other daily newspaper. And on Sunday? One Chronicle ad reaches more readers than the other paper does with five weeks of Sunday ads.

You even get a big discount for a frequency buy in The Chronicle. Just ask about Chron-Flight when you talk to Ad Sales at (713) 220-7761.

One phone call, and you'll get Houston's top two newspapers. Smart!

Houston Chronicle
Houston's primary advertising investment

Chronicle Reach—Adults 18 +



Source: 1988
Scarborough Report,
Houston P.M.S.A.

Chronicle



Vp gm, T.J. Wagner
Gen mktg mgr, P.M. Novell
Adv mgr, John Vanderzee
Truck ad mgr, Bill Glick
Dealer ad mgr, R.W. Lisenby
Media mgr, R.C. Halseth
Parent: Ford Motor Co.
Agency: J. Walter Thompson, Detroit
Exec vp gm, Chuck Balestrino
Sr vp acct dir, Ron Buckhammer
Sr vp media dir network brdcast, Ron Frederick
Vp car & truck grp media dir, Paul Hunt
Sr vp media dir, Bob Reuschle
Vp assoc media dir (trucks), Susan Kiltie
Hispanic markets agency: Mendoza Dillon, Newport Beach, Calif.

136. DODGE PASSENGER CARS & LIGHT TRUCKS Chrysler Corp.

	Media investments	
	1988	1987
Magazines	\$ 318,900	\$ 339,200
Natl. Sun. mags.	—	—
Network tv	9,773,900	—
Spot tv	10,944,600	6,933,200
Network radio	5,855,700	236,900
Spot Radio	—	—
Outdoor	57,800	38,000
Network cable	562,900	134,200
Newspapers	—	—
Natl. synd.	—	—
Total	\$27,513,800	\$7,681,500

Marketing/brand management:
Vp Dodge car & truck, John Damoose
Car gen mktg mgr, Charles B. Kitz
Truck gen mktg mgr, Larry W. Baker
Car adv mgr, Jay Kuhnle
Truck adv mgr, Mike G. Kelley
Agency: BBDO, Detroit
Pres-ceo, Bill Kelly
Sr vp-grp mgmt supr, Bill Oswald
Sr vp-mgmt supr Dodge trucks, Mike Graham
Vp-acct supr Dodge trucks, Tim Miller
Sr vp-media dir, Gene McCarthy
Vp-media dir, Joe Caponigro
Sr vp mgmt supr cars, John Hammond
Vp acct supr cars, Gordon Berg, Mark Caroselli
Vp media dir, Ted Zahrfeld

137. U.S. POSTAL SERVICE EXPRESS MAIL SERVICE U.S. Postal Service

	Media investments	
	1988	1987
Magazines	\$ 4,436,100	\$ 3,966,200
Natl. Sun. mags.	—	—
Network tv	4,865,400	—
Spot tv	15,697,000	14,297,600
Network radio	357,400	—
Spot radio	1,392,700	—
Outdoor	445,500	92,800
Network cable	77,300	—
Newspapers	—	—
Natl. synd.	—	—
Total	\$27,271,400	\$18,356,600

Marketing/brand management:
Dir mktg, Bruce Downey
Dir adv, Rod DeVar
Agency: Young & Rubicam, N.Y.
Sr vp-grp dir, Rich Kahn
Acct supr: Dick Keßbon (stamps), Jack Powers (Express Mail), William McGorry (Express Mail), Cathy McCarthy (products & services)
Vp-grp media supr, Beth Rockwood
Media supr, J. C. Ziegler

Fast-food entries were on the decline in '88.

138. GATORADE FLAVORED DRINK Quaker Oats Co.

	Media investments	
	1988	1987
Magazines	\$ 3,483,400	\$ 2,948,000
Natl. Sun. mags.	—	—
Network tv	17,392,300	8,868,500
Spot tv	2,476,500	3,465,900
Network radio	418,700	1,069,700
Spot radio	465,400	1,127,100
Outdoor	342,100	—
Network cable	649,900	638,500
Newspapers	613,600	107,700
Natl. synd.	1,019,200	1,873,100
Total	\$26,861,100	\$20,098,500

Marketing/brand management:
Vp-prod mgmt, John Breuer
Channel mgmt, Susan Doten
Brand mgrs, Tom Feitel, Michael Whitcomb
Agency: Bayer Bess Vanderwarker & Flynn, Chicago
Vp-acct dir, Bill Daily
Vp-acct supr, Reese Adams
Assoc media dir, John Reebeel
Media supr, Jim Ensign

139. NISSAN MAXIMA Nissan Motor Co. Ltd.

	Media investments	
	1988	1987
Magazines	\$ 5,940,400	\$1,272,900
Natl. Sun. mags.	—	70,800
Network tv	11,832,700	472,700
Spot tv	8,149,400	914,700
Network radio	—	—
Spot radio	—	—
Outdoor	—	1,300
Network cable	130,500	—
Newspapers	130,500	—
Natl. synd.	582,500	—
Total	\$26,766,000	\$2,723,400

Marketing/brand management:
Dir mktg, John Nystrom
Natl mgr regional mktg, Brian Barrett
Adv prog mgr gen svcs, Dale Finley
Mgr reg mktg supp, Susan Furedi
Reg mktg prog mgr (south), Gary Kirschke
Reg mktg prog mgr (north), Mark Pozorski
Agency: Chiat/Day Inc.
Exec vp acct dir, Tom Patty
Media dir, Hank Antosz

140. LONG JOHN SILVER'S RESTAURANTS Jerrico Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	\$ 4,663,600
Spot tv	\$25,793,800	24,766,400
Network radio	—	—
Spot radio	328,100	105,100
Outdoor	91,900	56,400
Network cable	—	463,600
Newspapers	163,600	131,900
Natl. synd.	—	13,000
Total	\$26,705,500	\$30,200,000



Marketing/brand management:

Sr vp mktg, Bob McDevitt
Vp gm adv, George Williams
Sr dir media, Vic Yeandel
Vp mktg, Brian Dixon
Agency: Marc Advertising,
Pittsburgh
Vp media, John Harper
Acct supr, Jim Werbel
Acct exec, Pam Camburn
Print admin, Fawn Warnick

141. MARLBORO LIGHTS

KINGS &

100'S CIGARETTES

Philip Morris Companies
Inc.

	Media investments	
	1988	1987
Magazines	\$18,012,500	\$ 911,600
Natl. Sun. mags.	3,068,600	133,200
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	101,900	—
Network cable	—	—
Newspapers	5,520,300	448,900
Natl. synd.	—	—
Total	\$26,703,300	\$1,493,700

Marketing/brand management:

Grp dir, Nancy Brennan Lund
Brand mgr, Richard Camisa
Dir media, Richard L. Stirlen
Vp mktg, David E.R. Dangoor
Vp mktg svcs, Ellen Merlo
Agency: Leo Burnett Inc.,
Chicago
Exec vp, Jim Oates
Sr vp acct dir, Peter Volz
Vp acct supr, Alan Chichester
Exec vp media svcs dir,
Willard Hadlock
Vp media dir, Bob Houghtlin

**Carnival
cruised its way
in the Top
200 with \$26
million in ad
expenditures.**

142. CHEERIOS CEREAL

General Mills Inc.

	Media investments	
	1988	1987
Magazines	\$ 1,970,800	\$ 38,200
Natl. Sun. mags.	—	—
Network tv	8,072,900	4,388,400
Spot tv	14,190,200	10,428,200
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,645,600	984,800
Newspapers	588,900	16,200
Natl. synd.	173,100	309,100
Total	\$26,641,500	\$16,164,900

Marketing/brand management:

Vp & gm mktg svcs, Don Knutzen
Dir adv svcs, R.J. Blake
Agency: Saatchi & Saatchi
Mgmt supr, Anne Altmaier
Acct supr, Steve Cohen
Sr assoc media dir, Lon Capozzoli
Media dir, Allen Banks
Assoc media dir, Ruthanne
Greenberg
Media supr, Becky Hom

143. TIME-LIFE BOOKS

Time Inc.

	Media investments	
	1988	1987
Magazines	\$13,913,600	\$12,403,100
Natl. Sun. mags.	—	172,400
Network tv	44,000	—
Spot tv	7,251,800	5,951,100
Network radio	24,000	241,200
Spot radio	—	—
Outdoor	—	—
Network cable	4,001,200	3,155,800
Newspapers	—	—
Natl. synd.	1,283,100	96,000
Total	\$26,517,700	\$21,919,600

Marketing/brand management:

Pres Time-Life Books, John Fahey
Sr vp mktg, Robert DeSena
Mktg dir, Mary Donohoe
Dir prod mgmt, Frank Haeger
Prod mgrs: Tom Corry, Robin
Schuster, Kip Watkins
Bdct media mgr, Wayne Butler
Print media mgr, Shari Altman
Agencies: Wunderman Worldwide,
N.Y.

Vp mgmt supr, Andy Jones
Exec vp media dir, Polly Langbort
Grp dir exec vp, Worth Linen
Media supr, Rob Small
Acct exec, Alex Hughes
Assoc acct exec: Jennifer Lindstrom
A. Elcoff & Co.

Pres, Ron Bliwas

Sr vp acct mgr, Rick Sangerman
Sr vp media dir, Francie Barson
Sr vp crtv dir, Joel Rappin
Vp grp crtv dir, Carol Darr
Media buyers: Ken Houdek,
Mary Clacher, Peggy Stuebe

144. AVIS RENT-A-CAR

SYSTEM

Avis Inc.

	Media investments	
	1988	1987
Magazines	\$ 3,431,200	\$ 4,607,700
Natl. Sun. mags.	—	55,000
Network tv	—	—
Spot tv	10,227,100	7,846,100
Network radio	4,457,100	5,343,100
Spot radio	14,500	577,500
Outdoor	150,000	90,000
Network cable	80,500	187,700
Newspapers	8,029,500	7,655,800
Natl. synd.	—	63,300
Total	\$26,389,900	\$26,426,200

Marketing/brand management:

Vp mktg, Robert Cardillo
Vp-mktg svcs, Allen Kurzman
Dir of advg, David Padgett
Agency: Backer Spielvogel Bates,
N.Y.
Sr vp-mgmt rep, Alan Kellam
Acct supr, Don Simon, Michael
Stewart
Acct execs, Jodi Ballard, Rob
Rawley
Assoc media dir, Steve Maietta
Media supr, Russell Zingale

145. CARNIVAL CRUISE LINES

Carnival Cruise Lines Inc.

	Media investments	
	1988	1987
Magazines	\$ 67,600	\$ 60,800
Natl. Sun. mags.	29,600	14,200
Network tv	13,168,100	10,993,800
Spot tv	1,249,000	1,395,300
Network radio	—	—
Spot Radio	—	—
Outdoor	1,900	10,700
Network cable	289,900	339,400
Newspapers	11,487,600	9,174,800
Natl. synd.	—	637,800
Total	\$26,293,700	\$22,626,800



Marketing/brand management:

Pres-ceo, Micky Arison
Sr vp-sales & mktg, Robert H. Dickinson
Vp mktg, Karine L. Armstrong
Agencies: McFarland & Drier, Miami
(Broadcast)
Chair, William McFarland
Media dir, Geri Donnelly
Media buyer & plnr, Chris Vari
Prod mgr, Lisa Stephens
HMK Advertising, Boston
(Print)
Pres, Harvey Karp
Acct supr & media dir, Holly Patmore
Adv coor & media buyer, Suzanne Provencher

146. BARTLES & JAYMES WINE COOLER E&J Gallo Winery

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$20,675,100	\$32,338,900
Spot tv	344,500	1,092,300
Network radio	—	—
Spot radio	—	136,200
Outdoor	—	—
Network cable	69,900	76,900
Newspapers	42,600	101,900
Natl. synd.	5,149,800	3,440,000
Total	\$26,281,900	\$37,186,200

Marketing/brand management:

Vp mktg, David Gallo
Vp brand mgmt, Gerry Glasgow
Sr brand mgr, Dick Haasnoot
Vp media dir, Sue McClelland
Dir corp comm, Dan Solomon
Parent: E&J Gallo Winery
Agency: Hal Riney & Partners, San Francisco

147. FORD PASSENGER CARS (multi-product ads) Ford Motor Division

	Media investments	
	1988	1987
Magazines	\$ 1,631,400	\$ 205,000
Natl. Sun. mags.	—	—
Network tv	5,487,400	16,389,900
Spot tv	6,862,700	6,756,600
Network radio	—	79,600
Spot Radio	343,300	163,500

Outdoor	559,100	465,800
Network cable	174,700	456,800
Newspapers	10,585,100	12,720,800
Natl. synd.	238,800	186,900
Total	\$26,225,800	\$37,424,900

Marketing/brand management:

Vp gm, T.J. Wagner
Gen mktg mgr, P.M. Novell
Adv mgr, John Vanderzee
Car ad mgr, R.J. Gillooly
Dealer ad mgr, R.W. Lisenby
Media mgr, R.C. Halseth
Parent: Ford Motor Co.
Agency: J. Walter Thompson, Detroit
Exec vp gm, Chuck Balestrino
Sr vp mgmt dir, Ron Buckhammer
Sr vp crtv dir Ford grp, Richard Howting
Sr vp dir mktg svcs, Don Topping
Sr vp grp media dir, Ron Fredrick
Media dir, Bob Reuschle
Vp car & truck grp media dir, Paul Hunt
Vp grp media dir (cars), Ron Johnston
Sr vp grp media dir net brdcast, Ron Frederick
Hispanic Agency: Mendoza, Dillon & Asociados, Newport
Sr vp client svcs, Robert Howells
Acct supr, Ingrid Otero
Vp media dir, Terry Silverman
Media plnr (Ford), Robert Alvarado
Black agency: Burrell Advertising, Chicago
Sr vp grp dir, C. Curry
Acct supr, Robert Jackson
Sr vp media, Nick Howse
Assoc media dir, Zeline Kelly

148. MASTERCARD CREDIT CARD SERVICES

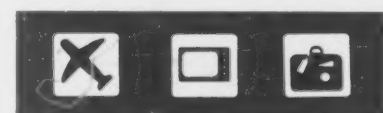
Mastercard International
(Not including regional tv and ads solely for Gold card, international services and travelers checks)

	Media investments	
	1988	1987
Magazines	\$ 1,952,700	\$ 3,247,400
Natl. Sun. mags.	370,500	729,400
Network tv	16,946,400	20,434,800
Spot tv	1,995,400	943,100
Network radio	—	2,080,400
Spot radio	2,945,900	2,009,300

Outdoor	44,000	42,000
Network cable	710,000	412,100
Newspapers	890,100	369,900
Natl. synd.	12,000	—
Total	\$25,867,000	\$28,188,000

Marketing/brand management:

Sr vp card prod bus grp, F. Alan Schultheis
Sr vp & bus mgr brand MasterCard, Meg Jacobson
Vp mktg brand MasterCard, Susan Burke
Vp usage & promo brand MasterCard, Bonnie MacDonald
Vp & bus mgr Gold MasterCard, Keith Kendrick
Vp & bus mgr BusinessCard, Richard Holpp
Vp merchant development, Philip A. Carter
Vp bus development, David Chirls
Agency: Lintas:New York
Exec vp, F. Stone Roberts
Sr vp mgmt supr, Frank Mangan
Vp acct supr brand MasterCard, Bob Nadelman
Vp acct supr Gold MasterCard, Diane Buckley
Vp-media dir, Catherine Hahn
Exec vp-dir media svcs, Louis M. Schultz
Sr vp, grp media dir, Carolyn Libby
Media supr, Michael Carr



149. KLEENEX HUGGIES DIAPERS Kimberly-Clark Corp.

	Media investments	
	1988	1987
Magazines	\$ 2,039,600	\$ 977,400
Natl. Sun. mags.	—	—
Network tv	20,973,400	22,989,700
Spot tv	311,100	97,200
Network radio	—	—
Spot radio	48,700	38,800
Outdoor	1,200	—
Network cable	163,700	70,200
Newspapers	882,100	47,700
Natl. synd.	1,429,100	514,600
Total	\$25,848,900	\$24,735,600



Marketing/brand management:

Vp brand mgmt infant care div,
Richard F. Auchter
Mktg dir, Steve R. Kalmanson
Dir adv svcs, George J. Ker, Jr.
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, Cliff Angers
Sr vp mgmt supr, David Mechlin
Sr vp assoc media dir, Mark Rice
Vp asst media dir, Mindy Kiger

150. OIL OF OLAY LOTION

Richardson-Vicks Inc.

	Media investments	
	1988	1987
Magazines	\$ 5,770,700	\$ 8,691,400
Natl. Sun. mags.	—	212,600
Network tv	16,989,500	10,510,400
Spot tv	1,455,400	2,648,700
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	2,300	—
Newspapers	135,700	29,300
Natl. synd.	1,350,800	4,347,200
Total	\$25,704,400	\$26,439,600

Marketing/brand management:

Mktg dir olay prods, Mary Jaensch
Dir media, Irwin Fleischer
Brand mgr, Alan Kerzner
Parent: Procter & Gamble Co.
Agency: Wells, Rich, Greene, N.Y.
Sr vp-mgmt supr, Joan Overlock
Vp-acct supr, Kathy Kehoe
Sr vp-corp media dir, Steve Farella
Vp-media plng dir, Mark Buttitta
Vp-media grp head, Bruce Ligon

151. MACY'S INSTITUTIONAL

Macy Acquiring Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$ 1,969,700	\$ 2,037,100
Network radio	—	—
Spot radio	264,400	276,400
Outdoor	—	25,000
Network cable	—	—
Newspapers	23,286,800	19,944,700
Natl. synd.	—	—
Total	\$25,520,900	\$22,283,200

Marketing/brand management:

Sr vp sales & prom, Rosanne
Cooper
Mktg dir brdcast, Howard Adler
Prod admin, Joe Civitillo
Agency: In-House

152. GENERAL FOODS INTERNATIONAL COFFEES

Philip Morris Cos.

	Media investments	
	1988	1987
Magazines	\$ 3,920,800	\$ 2,693,500
Natl. Sun. mags.	—	—
Network tv	10,884,100	10,652,200
Spot tv	4,177,000	3,768,800
Network radio	1,462,300	1,338,500
Spot radio	—	189,500
Outdoor	—	—
Network cable	860,100	829,100
Newspapers	764,900	51,500
Natl. synd.	3,415,100	2,321,700
Total	\$25,484,300	\$21,844,800

Marketing/brand management:

Dir mktg-Maxwell House Coffee
Division, Robert J. Pizzuti
Prod grp mgr, Carolyn LoGalbo
Agency: Young & Rubicam, N.Y.
Exec vp-worldwide acct dir, Larry
Shapiro
Sr vp-mgmt supr, Steve Brookstein
Vp-acct supr, Claudia Rose
Sr vp-media dir, George Sharpe
Sr vp-media grp supr, Diane Spencer

153. CHEESE INDUSTRY PROMOTION

American Dairy Association

	Media investments	
	1988	1987
Magazines	\$ 850,700	\$ 418,100
Natl. Sun. mags.	297,800	—
Network tv	16,131,200	24,168,800
Spot tv	1,060,100	715,100
Network radio	1,863,100	—
Spot radio	174,200	95,100
Outdoor	—	—
Network cable	4,470,400	949,800
Newspapers	—	—
Natl. synd.	331,600	41,400
Total	\$25,179,100	\$26,388,300

Marketing/brand management:

Sr vp-adv & mktg svcs, United
Dairy Industry Association, and pres,
American Dairy Association, Joseph
B. Kelsch
Vp-mktg plng, Stephen A.
Dohrmann
Vp-mktg svcs, Grover B. Simpson
Dir adv svcs, Donna A. Arcus

Parent: United Dairy Industry
Association

Agency: D'Arcy Masius Benton &
Bowles, Chicago

Sr vp-grp acct dir, Ben Bishop
Sr vps-mgmt supr, Bob Meuser
Vp-acct supr, Andrea Dichter
Sr vp-dir media svcs, Joe Zeller
Vp-assoc media dir, Gail Fujisawa

154. CHRYSLER PASSENGER CARS

Chrysler Corp.

	Media investments	
	1988	1987
Magazines	\$12,924,900	\$ 543,900
Natl. Sun. mags.	—	—
Network tv	7,935,500	622,600
Spot tv	1,580,500	3,243,700
Network radio	—	156,200
Spot radio	16,100	—
Outdoor	42,500	21,600
Network cable	186,400	20,900
Newspapers	2,328,100	11,071,500
Natl. synd.	62,400	—
Total	\$25,076,400	\$15,680,400

Marketing/brand management:

Gen mktg mgr, C.J. Vitulli
Natl adv mgr, Jim Jandasek
Dealer mktg mgr, Bill Klinger
Natl mktg plans mgr, Steve Bruyn
Agency: Bozell, Birmingham,
Mich.
Sr vp-mgmt supr, L. Vernon
Vp-acct supr, C. Russo
Sr acct exec, N. Sparrer
Acct exec, J. Strabbing
Sr vp-media dir, P. Matz
Sr vp-dir plng, E. Kruger
Assoc media dir, P. Floyd

155. CADILLAC DEALERS ASSOCIATION

**General Motors Corp.
Dealers Assn.**

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$19,468,400	\$13,701,400
Network radio	—	—
Spot radio	176,600	329,500
Outdoor	11,200	—
Network cable	—	—
Newspapers	5,430,700	2,189,200
Natl. synd.	—	—
Total	\$25,075,700	\$16,220,100



Marketing/brand management:

Mgr dealer mktg assn, Greg Warner
Asst mgrs dealer mktg assn, Jerry Churchbara, Larry Anderson
Agencies: Various

156. KELLOGG'S NUTRI-GRAIN CEREAL

Kellogg Co.

	Media investments 1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$21,992,200	\$8,297,900
Spot tv	1,708,300	939,600
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	135,800	79,400
Newspapers	840,900	—
Natl. synd.	390,800	249,500
Total	\$25,068,000	\$9,566,400

Marketing/brand management:

Exec vp sls & mktg, M.D. Simpson
Vp mktg, T.P. Mobsby
Agency: J. Walter Thompson, Chicago
Sr vp grp acct dir, George Lange
Vp acct dir, George Schott
Acct supr, Susan White
Vp grp media dir, Kayne Lanahan
Media dir, Heather Faust



157. ECKERD DRUG STORES

Jack Eckerd Corp.

	Media investments 1988	1987
Magazines	\$ 357,400	\$ 697,300
Natl. Sun. mags.	—	—
Network tv	1,195,200	1,458,000
Spot tv	16,908,300	16,404,300
Network radio	—	—
Spot radio	1,374,800	1,408,800
Outdoor	172,200	73,700
Network cable	1,310,200	1,575,100
Newspapers	3,675,000	5,980,700
Natl. synd.	—	—
Total	\$24,993,000	\$27,597,900

Marketing/brand management:

Vp adv & sls pform, Ken Banks
Adv dir, Betsi O'Neill
Adv coord, Julie Gardner
Agency: WB Doner, St. Petersburg, Fla.
Vp media dir, Robert Jordan
Sr vp acct supr, Anne Bergstrom

158. NUPRIN PAIN RELIEF FORMULA TABLETS

Bristol-Myers Co.

	Media investments 1988	1987
Magazines	—	\$ 1,904,200
Natl. Sun. mags.	—	40,700
Network tv	\$18,634,400	\$28,683,700
Spot tv	1,073,000	611,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,032,600	945,900
Newspapers	—	84,300
Natl. synd.	4,047,900	4,826,400
Total	\$24,787,900	\$37,095,500

Marketing/brand management:

Pres Bristol-Myers prod, Stephen Bear
Vp mktg, Peter Doian
Dir of analgesic, Robert Merold
Agency: Grey, N.Y.
Exec vp, Herb Lieberman
Exec vp media & prog svcs, Alec Gerster

159. BUICK PASSENGER CARS

General Motors Corp.

	Media investments 1988	1987
Magazines	\$ 3,560,000	\$ 7,672,400
Natl. Sun. mags.	530,000	304,400
Network tv	9,772,800	18,008,500
Spot tv	1,108,100	8,889,300
Network radio	3,280,400	2,908,600
Spot radio	3,107,000	1,998,300
Outdoor	80,000	500
Network cable	115,400	472,900
Newspapers	2,970,200	2,033,700
Natl. synd.	—	—
Total	\$24,523,900	\$42,288,600

Marketing/brand management:

Gen mktg mgr, Darwin Clark
Gen dir adv, Jay Qualman
Gen dir div mktg, John Dabels
Vp-gen mgr, E.H. Mertz
Gen sales & svcs mgr, R.E. Coletta
Agency: McCann-Erickson, Troy, Mich.
Sr vp-mgmt dir, Richard A. Hill
Vp natl grp acct dir, George Bak
Vp grp acct supr, Glynn Armitage
Acct supr, Bob Cleary
Acct execs, Roxanne Blaquiére, John Holowaty, Robert Schneider, Sara Sevec, Nannette LaFond
Sr vp-dir media svcs, Helen Seligman

Eighteen car models appear in this year's Top 200 tally.

160. CHEVROLET PASSENGER CARS AND LIGHT TRUCKS

General Motors Corp.

	Media investments 1988	1987
Magazines	\$ 5,645,400	—
Natl. Sun. mags.	49,300	\$ 106,300
Network tv	14,160,300	7,712,300
Spot tv	1,121,000	4,380,800
Network radio	2,972,600	4,400
Spot radio	—	—
Outdoor	—	6,900
Network cable	273,500	289,100
Newspapers	(no data)	(no data)
Natl. synd.	243,300	75,200
Total	\$24,465,400	\$12,575,000

Marketing/brand management:

Mgr truck adv, Candice Robbins
Mktg mgr trucks, F.F. Raine
Mgr truck merch, W.L. Ames
Mgr adv pass cars, Danielle Colliver
Mktg mgr pass cars, Steve D. McAvoy
Gen mktg mgr, Mike Erdman
Natl mgr pass car merch, John C. Burrow



Agency: Lintas:Campbell-Ewald, Warren, Mich.

Cars:

Sr vp grp dir, Tom Thompson
Sr vp grp acct supr, Michael J. Ryan
Acct supr, David Scott, Pete Rentschler, Tim Keaton

Trucks:

Exec vp client svc dir, Anthony J. Hopp

Sr vp, Dennis G. Connaughton

Grp sr vp, John A. Barczyk

Sr vp, Ronald D. Geske

Sr vp grp media dir print, Karen Ritchie

Sr vp grp media dir brdcast, Judith E. Sawyer

Judith E. Sawyer

Sr vp dir natl brdcast media, Barbara A. Munroe

Barbara A. Munroe

Sr vp dir local media, Robert I. Mitchell

Mitchell

Vp assoc media dir (natl), Patricia Sharp

Patricia Sharp

Vp assoc media dirs (area mktg), John A. Winkelseth, Bruce Weber,

John A. Winkelseth, Bruce Weber,

Caryn Gray

161. MERIT FILTER KING

CIGARETTES

Philip Morris Co.

	Media investments	
	1988	1987
Magazines	\$20,103,000	\$ 998,200
Natl. Sun. mags.	93,100	281,200
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	1,900	91,100
Network cable	—	—
Newspapers	4,249,400	102,300
Natl. synd.	—	—
Total	\$24,447,400	\$1,473,500

Marketing/brand management:

Brand mgr, Jim Scully

Vp mktg, David Dangoor

Dir of media, Rick Stirlen

Agency: Leo Burnett Co.

Media dir, Bob Houghtlin

Acct dir, Peter Volz

Acct supr, Michael Peters

Acct exec, Dean Casagrande

**Tony the Tiger
roared into the
top 100 in '88.**

162. AT&T INTERNATIONAL LONG DISTANCE SERVICE

**American Telephone
& Telegraph Co.**

	Media investments	
	1988	1987
Magazines	\$15,015,100	\$14,823,400
Natl. Sun. mags.	1,059,800	738,200
Network tv	1,498,100	—
Spot tv	5,402,900	13,404,300
Network radio	934,900	3,214,900
Spot radio	—	—
Outdoor	—	—
Network cable	282,600	320,100
Newspapers	(no data)	3,330,500*
Natl. synd.	28,300	35,600
Total	\$24,422,700	\$35,867,000

*M&M estimates

Marketing/brand management:

Adv dir, K. M. Armstrong

Div mgr-intl, Jackie Woodall

District mgr-intl, Jennifer McVea

Dir-intl mktg, Rod Sturm

Agency: Young & Rubicam, N.Y.

Sr vp-grp dir, M. Lowenstein

Vp-mgmt supr, Barbara Jack

Vp mgmt supr, Jonas Wagner

Hispanic Agency: Bermudez

Associates

Sr acct exec, Ava Overstreet

163. KELLOGG'S CORN FLAKES

Kellogg Co.

	Media investments	
	1988	1987
Magazines	\$ 71,400	\$ 391,900
Natl. Sun. mags.	—	—
Network tv	21,067,100	18,107,300
Spot tv	919,700	2,855,500
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	192,700	316,400
Newspapers	1,104,900	—
Natl. synd.	874,300	949,700
Total	\$24,230,100	\$22,620,800

Marketing/brand management:

Exec vp sales & mktg, M.D.

Simpson

Vp mktg, T.P. Mobsby

Agency: Leo Burnett Co., Chicago

Exec vp acct dir, Jim Jenness

Vp acct dir, Alan Roehl

Acct supr, Stacy Sopchich

Acct exec, Tim Leahy

Exec vp media svcs div, Willard

Hadlock

Media dirs, Lincoln Bumba,

John Muszynski

Minority Agency: Vince Cullers

Advertising, Chicago

Acct supr, George Boykin

Media dir, Jeff Cullers

164. EAGLE DEALERS ASSOCIATION FRANCHISE

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$ 5,910,700	—
Spot tv	18,227,500	—
Network radio	—	—
Spot Radio	—	—
Outdoor	—	—
Network cable	51,900	—
Newspapers	—	—
Natl. synd.	—	—
Total	\$24,190,100	—

Marketing/brand management:

Gen mktg mgr, R.A. Sarotte

Advance mktg plns mgr, R.W.

Everett

Natl adv mgr, R.D. Dreyfus

Natl mktg plns mgr, M.E. Yatsko

Natl merch mgr, T.J. Peyton

Agency: Campbell-Mithun-Esty,

Southfield, Mich.

Vp mgmt supr, Tom Deska

Exec vp, David VanPearson

Acct supr, Bill Jausch

Sr acct exec, Stuart Hazelwood

Acct exec, Carl Brockmiller

Media dir, Rick Paschke

Vp assoc media dir, Kevin Brown

165. NISSAN DEALERS ASSOCIATION FRANCHISE Nissan Regional Marketing

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$22,032,300	\$51,220,400
Network radio	—	—
Spot radio	1,803,200	4,311,500



Outdoor	—	4,000
Network cable	—	—
Newspapers	175,200	977,800
Natl. synd.	—	—

Total **\$24,010,700** **\$56,513,700**

Marketing/brand management:

Dir mktg, John Nystrom
Natl mgr reg mktg, Brian Barrett
Reg mktg mgr program (south), Gary Kirschke
Reg mktg mgr program (north), Mark Pozorski
Agency: Chiat/Day
Vp acct dir reg mktg, John Barty
Media dir reg mktg, Dennis Ricci

166. GOODYEAR CAR TIRES
Goodyear Tire & Rubber Co.

	Media investments	
	1988	1987
Magazines	\$10,505,200	\$ 2,519,000
Natl. Sun. mags.	18,600	—
Network tv	6,250,400	6,860,500
Spot tv	5,189,600	3,083,300
Network radio	15,000	323,200
Spot Radio	280,800	545,000
Outdoor	1,100	—
Network cable	645,300	197,600
Newspapers	—	—
Natl. synd.	859,200	1,143,000
Total	\$23,765,200	\$14,671,600

Marketing/brand management:

Gen mktg mgr consumer tire prods, Al Eastwood
Mktg mgr auto tires, Howard MacDonald
Vp tire mktg, James DeVue
Dir advg, Davis Jones
Agency: Young & Rubicam, N.Y.
Sr vp, Charles Riley
Sr vp group dir, Dan Wagner
Acct supr, Rich Murphy
Media supr, Amanda Murtagh

167. CHEERIOS HONEY NUT CEREAL
General Mills Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$ 7,673,000	\$ 3,822,000
Spot tv	13,541,200	10,042,600
Network radio	—	—
Spot radio	—	—
Outdoor	—	—

Network cable	1,525,500	921,600
Newspapers	625,900	—
Natl. synd.	210,100	93,900
Total	\$23,575,700	\$14,880,100

Marketing/brand management:

Vp & gm mktg svcs, Don Knutzen
Dir adv svcs, R.J. Blake
Agency: Saatchi & Saatchi
Mgmt supr, Anne Altmaier
Acct supr, Steve Cohen
Sr assoc media dir, Lou Capozzoli
Media dir, Allen Banks
Media supr, Eileen McNeerney
Assoc media dir, Ruthanne Greenberg

168. WALT DISNEY WORLD AMUSEMENT PARK
Walt Disney Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$10,404,200	\$ 5,672,500
Spot tv	10,815,600	12,073,000
Network radio	52,800	—
Spot radio	—	—
Outdoor	—	15,400
Network cable	536,200	633,300
Newspapers	—	—
Natl. synd.	1,761,000	879,900
Total	\$23,569,800	\$19,274,100

Marketing/brand management:

Sr vp-mktg, Tom Elrod
Vp mktg, Phil Lengyel
Parent: Walt Disney Co.
Agency: Vista Advertising Agency, In-House
Ad mgr, Michael McPhillips
Media buyers, Medra Burdett, Jane Williams

Fast-food franchise entries fell from 11 last year to 8 this year.

169. BRITISH AIRWAYS PASSENGER SERVICE
United Kingdom of Great Britain

	Media investments	
	1988	1987
Magazines	\$ 5,070,200	\$ 184,900
Natl. Sun. Mags.	206,800	202,200
Network tv	—	—
Spot tv	8,445,700	4,318,200
Network radio	—	—
Spot radio	1,312,000	3,500
Outdoor	308,400	59,600
Network cable	2,200	—
Newspapers	8,209,900	6,284,000
Natl. synd.	—	—
Total	\$23,555,200	\$11,052,400

Marketing/brand management:

Sr vp N.A., John Power
Dir ind programs, Mike Jayne
Dir mktg sales prom, George Hadley
Agency: Backer Spielvogel, Bates, N.Y.
Vp acct dir, Cathy Constable
Acct supr, Tom Wilson
Acct exec, Kary Fory
Media supr, Alain Zutter

170. SIZZLER RESTAURANT
Sizzler Restaurants International Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$22,794,900	\$21,421,100
Network radio	—	—
Spot radio	327,500	211,000
Outdoor	7,400	16,200
Network cable	3,000	—
Newspapers	367,500	361,500
Natl. synd.	—	—
Total	\$23,500,300	\$22,009,500

Marketing/brand management:

Exec vp mktg, Michael M. Minchin, Jr.
Adv dir, Donald W. Lum
Dir field mktg, Jim Scharf
Dir prod devel, Stacey James
Dir purchasing, Nydia Casas
Parent: Collins Foods International, Inc.
Agency: BBDO, Los Angeles
Sr vp grp dir, Tom Pickles
Vp acct supr, Jim Ward
Acct execs, Steve Czerniel, Randy Davis
Media dir, Ron Harrison



171. REEBOK SPORTING FOOTWEAR Reebok International Ltd.

	Media investments	
	1988	1987
Magazines	\$ 3,501,900	\$2,797,300
Natl. Sun. mags.	—	70,900
Network tv	14,207,200	1,275,200
Spot tv	3,596,100	1,982,900
Network radio	166,400	—
Spot Radio	311,100	367,000
Outdoor	77,200	35,800
Network cable	1,330,400	263,300
Newspapers	—	—
Natl. synd.	243,100	—
Total	\$23,433,400	\$6,792,400

Marketing/brand management:

Sr vp chief mktg off, Mark Goldston
Vp lifestyle footwear, Betty Richardson
Vp adv, Sharon Cohen
Agency: Chiat/Day Mojo
Vp grp supr, Steve Friedman
Mgmt supr, Jane Gundell
Acct supr, Rob DeFlorio
Mgmt supr, Valerie Pirie
Acct execs, Paula Frigno, Robin Juannides
Acct asst, Kim Pomenick

172. KELLOGG'S RAISIN BRAN Kellogg Co.

	Media investments	
	1988	1987
Magazines	—	\$ 2,970,900
Natl. Sun. mags.	—	70,800
Network tv	\$19,088,400	17,847,200
Spot tv	2,144,600	1,805,800
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	304,400	268,100
Newspapers	666,200	500
Natl. synd.	1,196,100	1,788,500
Total	\$23,399,700	\$24,751,800

Marketing/brand management:

Exec vp sales & mktg, M.D. Simpson
Vp mktg, T.P. Mobsby
Agency: Leo Burnett Co., Chicago
Exec vp acct dir, Jim Jenness
Vp acct dir, Alan Roehl
Acct supr, Stacy Sopcich
Acct exec, Christopher Lindblad
Exec vp media svcs, Willard Hadlock

Sr vp media dir, Linc Bumba
Asst media dir, John Muszynski
Minority Agency: Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

Footwear manufacturers failed to make a strong showing this year, with only Nike and Reebok on our list.

173. NEWPORT MENTHOL FILTER CIGARETTES Lorillard Inc.

	Media investments	
	1988	1987
Magazines	—	\$ 36,000
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	\$22,900,000	15,898,600
Network cable	—	—
Newspapers	453,400	550,000
Natl. synd.	—	—
Total	\$23,353,400	\$16,484,600

Marketing/brand management:

Sr vp & brand mgmt, Tom H. May
Vp adv & brand mgmt, George R. Telford
Dir media, Lucy Giordano
Grp brand dir, John Daghlion
Sr brand mgr, Katie Augustian
Agency: Ally & Gargano Inc.
Exec vp mktg svcs, Warren Dechter
Exec vp mgmt dir, Edward Ricci
Vp acct dir, Robert J. Piwinski
Exec vp media dir, Dawn Sibley
Media grp head, Richard Zwirn

174. KELLOGG'S MUESLIX CEREAL Kellogg Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$21,210,400	\$6,259,800
Spot tv	732,100	828,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	102,800	36,300
Newspapers	749,100	5,300
Natl. synd.	541,100	93,700
Total	\$23,335,500	\$7,223,100

Marketing/brand management:

Exec vp sls & mktg, M.D. Simpson
Vp mktg, T.P. Mobsby
Agency: J. Walter Thompson, Chicago
Sr vp grp acct dir, George Lange
Vp acct dir, George Schott
Vp acct supr, Dermid Eagan
Acct rep, Ann Hoffbeck
Vp grp media dir, Kayne Lanahan
Media dir, Heather Faust

175. HONDA CIVIC American Honda Motor Co.

	Media investments	
	1988	1987
Magazines	\$ 4,418,700	\$ 7,775,300
Natl. Sun. mags.	149,600	—
Network tv	14,198,800	15,390,700
Spot tv	853,600	4,103,200
Network radio	749,100	1,324,400
Spot radio*	1,120,000	1,020,600
Outdoor	1,600	400
Network cable	1,086,200	927,100
Newspapers	36,000	36,000
Natl. synd.	679,000	—
Total	\$23,292,600	\$30,577,700

*M&M estimates

Marketing/brand management:

Exec vp, K. Amemiya
Exec vp auto sales oper, Tom Elliott
Sr mgr auto adv, Eric Conn
Asst mgrs-auto adv, Tom Caulfield, Bill Young
Agency: Rubin Postaer & Associates, LA
Sr vp-grp acct dir, Charles E. Valentine



Vp-acct dir, Steve Woolford
Vp-acct suprs: Julie Boston, Joan Egan, Ron MacMillan
Acct suprs, Steve Straley, Robert LePlae
Sr vp-media dir, Pam Warren
Vp-assoc media dirs, Kate Knox, Coby Low

176. KELLOGG'S SQUARES CEREAL

Kellogg Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$21,514,700	—
Spot tv	726,200	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	171,900	—
Newspapers	81,100	—
Natl. synd.	711,400	—
Total	\$23,205,300	—

Marketing/brand management:
Exec vp s/s & mktg, M.D. Simpson
Vp mktg, T.P. Mobsby
Agency: Leo Burnett, Chicago
Exec vp acct dir, Jim Jenness
Acct dir, Al Roehl
Acct supr, Eleanor Callison
Asst acct exec, Christine Hoar
Media dir, Lincoln Bumba
Asst medi dir, John Muszynski



177. HERTZ RENT-A-CAR SYSTEM

Park Ridge Corp.

	Media investments	
	1988	1987
Magazines	\$ 3,070,800	\$ 3,403,400
Natl. Sun. mags.	—	21,500
Network tv	7,559,300	3,018,500
Spot tv	3,523,100	6,012,600
Network radio	—	—
Spot radio	1,731,100	927,200
Outdoor	119,500	8,500
Network cable	4,600	—
Newspapers	7,082,500	13,047,200
Natl. synd.	—	49,600
Total	\$23,165,900	\$26,488,500

Marketing/brand management:
Div vp mktg, Thomas W. Jans
Dir mktg & prom, Robert Lande
Dir adv, Ray LaFrance
Agency: Scali, McCabe, Sloves Inc.
Mgmt supr, Gary Verrill
Acct supr, Ander Wensberg
Acct execs, Trish Sullivan, Roger Micone
Asst media dir, Clara Capaci
Vp dir media plng, Paula Brooks

178. BENSON & HEDGES 100'S FILTER CIGARETTES

Philip Morris Co.

	Media investments	
	1988	1987
Magazines	\$22,918,500	\$15,822,100
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers	206,200	2,339,000
Natl. synd.	—	—
Total	\$23,124,700	\$18,161,100

Marketing/brand management:
Brand mgr, Rene Simons
Vp mktg, David Dangoor
Dir media, Rick Stirlen
Agency: Wells, Rich, Greene
Sr vp mgmt supr, Ila Clarkson
Sr vp prom dir, Arnold Weinrib
Vp acct supr, Lisa Patrick
Acct exec, Christopher Lloyd
Media grp head, Emilie Smith
Assoc media grp head, Charles Thompson

179. SPRITE SOFT DRINK

Coca-Cola Co.

	Media investments	
	1988	1987
Magazines	\$ 31,500	—
Natl. Sun. mags.	—	—
Network tv	12,545,300	\$14,978,800
Spot tv	6,457,400	6,812,300
Network radio	8,400	56,400

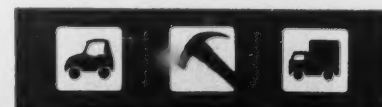
Spot radio	749,200	601,800
Outdoor	46,500	10,900
Network cable	393,800	252,200
Newspapers	—	—
Natl. synd.	2,863,700	1,907,800
Total	\$23,095,800	\$24,620,200

Marketing/brand management:
Vp & dir mktg plng, Michael A. Beindorff
Dir, Ginni Rockwell
Brand mgr, Steve Jones
Assoc brand mgr, Theresa Doby
CCUSA media dir, Chris Gagen
Corp media mgr, John M. Drollinger
Agency: Lowe Marschall, N.Y.
Exec vp grp dir, Eric Einhorn
Sr vp mgmt supr, John Most
Acct supr, Michael DiSouza
Acct exec, Page Vincent
Asst acct exec, John Klaritch
Sr vp media dir, Stephen M. Segal
Vp assoc media dir, Christina O. Brodie
Media grp head, Reg Ungberg
Media supr, Sue Adelhardt
Sr media plnr, John Tebeau
Media plnrs, Pat Branf, Andrew Mueller
Asst media plnr, Christine Lamson
Black agency: Burrell Advertising, Chicago
Sr vp grp dir, Sarah Burroughs
Vp acct supr, Neva Richardson
Sr vp media dir, Nick Howse
Media supr, Michelle Garner
Hispanic agency: Castor Spanish International

180. SNICKERS CANDY BAR

M&M Mars

	Media investments	
	1988	1987
Magazines	\$ 1,753,700	\$ 2,503,400
Natl. Sun. mags.	—	—
Network tv	13,982,100	15,379,500
Spot tv	3,173,800	2,659,700
Network radio	1,294,800	2,060,200
Spot radio	3,800	—
Outdoor	—	—
Network cable	425,700	2,819,500
Newspapers	—	57,300
Natl. synd.	2,265,100	1,517,600
Total	\$22,899,000	\$26,997,200





Marketing/brand management:

Pres, William B. Hellegas
Vp brands, Al Poe
Agency: Backer, Spielvogel,
Bates, N.Y.
Exec vp, Joe Dell'Aquila
Sr vp mgmt rep, Paul Mesches
Acct supr, Mary Gael Senko
Acct exec, Katherine Mercer
Media dir, Jay Schoenfeld

Franklin Mint placed two of its lines in the Top 200.

181. LISTERINE ANTISEPTIC MOUTHWASH Warner-Lambert Co.

	Media investments	
	1988	1987
Magazines	\$ 2,297,600	\$ 76,900
Natl. Sun. mags.	993,300	—
Network tv	14,227,000	11,783,700
Spot tv	1,316,300	2,441,600
Network radio	418,900	1,573,000
Spot radio	52,600	369,000
Outdoor	—	—
Network cable	48,900	34,400
Newspapers	173,900	—
Natl. synd.	3,368,100	2,514,200
Total	\$22,896,600	\$18,819,800

Marketing/brand management:

Vp mktg & brand mgmt, Russ Moran
Category dir, Lynne Millheiser
Sr prod mgr, Chip Horner
Asst brand mgr, Glenn Deutsch
Agency: J. Walter Thompson, N.Y.
Sr vp grp dir, Jack Morrissey
Sr vp acct dir, Jeremy Birkbeck
Exec vp-U.S. dir media srves, Richard Kostyra
Acct supr, Fred Stuart
Acct exec, Isabelle Albanese
Vp-assoc media dir, Ronnie Beason
Media supr, Julia Harquail
Minority Agency: Brave Group Advertising, N.Y.
Gm, Daisy Exposito
Vp acct supr, Ricardo Luman
Acct supr, Laura Vega
Acct exec, Simon Zaid
Media dir, Sharman Davis

182. CHEVROLET CORSICA General Motors Corp.

	Media investments	
	1988	1987
Magazines	\$ 5,160,000	\$ 8,102,800
Natl. Sun. mags.	1,507,900	2,135,000
Network tv	7,640,700	16,603,300
Spot tv	7,240,400	6,403,800
Network radio	—	—
Spot radio	—	—
Outdoor	5,500	4,700
Network cable	293,100	136,700
Newspapers	794,700	3,942,800
Natl. synd.	294,100	234,200
Total	\$22,891,400	\$37,563,300

Marketing/brand management:

Mgr adv pass cars, Danielle Colliver
Mktg mgr pass cars, Steve D. McAvoy
Gen mktg mgr, Mike Erdman
Natl mgr pass car merch, John C. Burrow
Agency: Lintas: Campbell-Ewald, Warren, Mich.
Sr vp grp dir, Tom Thompson
Sr vp grp acct supr, Michael J. Ryan
Acct supr, David Scott, Pete Rentchler,
Tim Keaton
Media dir, Louis M. Schultz
Grp sr vp assoc media dir, Robert Gervason
Vp assoc media dir, Catherine Curry
Sr vp grp media dir print, Karen Ritchie
Sr vp grp media dir brdcast, Judith E. Sawyer
Sr vp dir natl brdcast media, Barbara A. Munroe
Sr vp dir local media, Robert I. Mitchell
Vp assoc media dir (natl), Pat Sharp
Vp assoc media dirs (area mktg), John A. Winkelseth, Bruce Weber, Caryn Gray

Kellogg's has 8 cereals in the Top 200.

183. ANACIN REGULAR TABLETS & CAPLETS American Home Products Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$18,347,200	\$10,572,400
Spot tv	1,486,300	415,500
Network radio	1,331,900	282,600
Spot radio	—	—
Outdoor	—	—
Network cable	537,800	309,300
Newspapers	797,100	—
Natl. synd.	80,700	—
Total	\$22,763,000	\$11,579,800

Marketing/brand management:

Vp mktg, George Prince
Grp prod mgr, Dorothy Metzel
Sr prod mgr, Mark Hogan
Asst prod mgr, Dave Ennis
Agency: Young & Rubicam



184. KELLOGG'S FROSTED MINI-WHEATS Kellogg Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$20,617,800	\$12,279,800
Spot tv	262,400	2,399,500
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	164,500	103,200
Newspapers	—	—
Natl. synd.	1,095,900	859,000
Total	\$22,716,200	\$15,641,500

Marketing/brand management:

Exec vp sls & mktg, M.D. Simpson
Vp mktg, T.P. Mobsby
Agency: Leo Burnett, Chicago
Exec vp acct dir, Jim Jenness
Acct dir, Tim O'Day
Acct supr, Patty Bloomfield
Acct exec, Doug Ryan
Media dir, Lincoln Bumba
Asst media dir, John Muszynski



185. ALKA SELTZER PLUS COLD TABLETS

Miles Laboratories, Inc.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$15,430,600	\$12,368,700
Spot tv	2,173,700	2,400,000
Network radio	3,177,000	3,612,400
Spot radio	—	—
Outdoor	—	—
Network cable	1,310,500	566,900
Newspapers	437,000	—
Natl. synd.	167,300	252,600
Total	\$22,696,100	\$19,200,600

Marketing/brand management:

Vp-mktg, Glen R. Fleischer
Grp prod mgr, Gordon E. Compton
Dir media oper, Mitchell B. Streicker
Sr prod mgr, David E. Bachtel
Prod mgr, Barbara D. Kauffman
Agency: Wells, Rich, Greene, N.Y.
Exec vp, John Costello
Sr vp-mgmt supr, Ken Manka
Sr vp corp media dir, Bob Geis
Dir NY media oper, Christopher Tinkham
Media grp head, Cheryl Leslie

186. NOW FILTER 100s CIGARETTES

R.J. Reynolds Tobacco Co.

	Media investments	
	1988	1987
Magazines	\$16,712,800	\$11,854,200
Natl. Sun. mags.	2,426,100	4,441,400
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers	3,412,500	2,900,800
Natl. synd.	—	—
Total	\$22,551,400	\$19,196,400

Marketing/brand management:

Sr vp mktg, J. T. Winebrenner
Vp advg & brand mgmt, E. M. Blackmer
Sr dir media, D. F. Pearson
Grp mgr media admin, R. E. Neal
Grp mgr media plng, T. McCabe
Brand mgr, L.L. Bender
Parent: RJR Nabisco Inc.

Creative agency: Young & Rubicam, N.Y.

Exec vp grp gen mgr, Jane Brite
Sr vp grp dir, Mike Feldman
Vp mgmt supr, Tony Pace
Acct suprs, Ellen Hochman, Jack Lipton
Acct execs, Pam Hall, Mark Denesuk

187. VOLKSWAGEN PASSENGER CARS

Volkswagenwerk Ag

	Media investments	
	1988	1987
Magazines	\$ 1,696,900	\$ 63,200
Natl. Sun. mags.	575,200	—
Network tv	12,050,500	7,802,900
Spot tv	3,974,900	3,392,100
Network radio	1,744,400	—
Spot radio	—	—
Outdoor	—	—
Network cable	520,000	367,500
Newspapers	1,393,400	4,098,300
Natl. synd.	503,300	—
Total	\$22,458,600	\$15,724,000

Marketing/brand management:

Vp VW U.S., Bill Young
Gen sls mgr, Rich Weidman
Dir mktg, Bill Gelgota
Agency: DDB/Needham, Detroit
Pres, Bob Freeman
Vp grp media dir, Graig Yateman
Sr vp acct dir, Philippe Defechereux
Vp plng mgr, Ken Campbell

188. PATHMARK FOOD STORES

Supermarkets General Corp.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	\$ 3,418,400	\$ 3,985,000
Network radio	—	—
Spot radio	409,100	376,700
Outdoor	—	—
Network cable	—	—

Newspapers	18,538,700	21,038,800
Natl. synd.	—	—
Total	\$22,366,200	\$25,400,500

Marketing/brand management:

Mktg mgr, Terry Illes
Mktg dir, Bill Bodmer
Agency: Venet Advertising/NJ
Acct supr, Gene Raffetto
Vp media, Al Romano
Acct exec, Laura Kershow

189. TOTAL CEREAL

General Mills Inc.

	Media investments	
	1988	1987
Magazines	\$ 144,900	\$ 350,100
Natl. Sun. mags.	—	—
Network tv	14,178,300	9,868,100
Spot tv	5,208,400	2,825,500
Network radio	748,500	427,500
Spot radio	—	—
Outdoor	—	—
Network cable	1,081,700	774,700
Newspapers	541,800	—
Natl. synd.	405,300	703,000
Total	\$22,308,900	\$14,948,900

Marketing/brand management:

Vp & gm mktg svcs, Don Knutzen
Dir adv svcs, R.J. Blake
Agency: Saatchi & Saatchi
Mgmt supr, Dave Jackson
Acct supr, Randy Smith
Sr assoc media dir, Lou Capozzoli
Media dir, Allen Banks
Assoc media dir, Diane Cimine
Media supr, Lisa Calia

190. ROYAL CARIBBEAN CRUISE LINE

Royal Caribbean Cruise Line Inc.

	Media investments	
	1988	1987
Magazines	\$ 3,780,400	\$ 3,468,000
Natl. Sun. mags.	15,500	6,100
Network tv	6,314,600	149,600
Spot tv	4,494,200	733,900
Network radio	—	—
Spot radio	—	—
Outdoor	—	2,800
Network cable	278,200	—
Newspapers	15,500	6,100
Natl. synd.	1,327,500	—
Total	\$22,207,600	\$11,685,200

Marketing/brand management:

Sr vp sls & mktg, Tim Kissel



Dir sls, George Muns
 Mgr ad & sls prom, Steve Dicken
 Dir mktg, Mike Petty
Agency: Chiat/Day Mojo
 Grp mgmt supr, Alan Campbell
 Mgmt supr, Ann Milne
 Acct supr, Richard O'Connell
 Acct exec, Rick Slovitt
 Asst acct exec, Shari Casch

191. SUZUKI SAMURAI

Suzuki of America
Automotive Corp.

	Media investments	
	1988	1987
Magazines	\$ 345,600	\$ 419,600
Natl. Sun. mags.	—	—
Network tv	14,883,100	3,261,200
Spot tv	5,172,600	15,023,500
Network radio	—	—
Spot Radio	583,400	1,040,300
Outdoor	142,900	299,200
Network cable	—	—
Newspapers	329,000	400,300
Natl. synd.	558,400	—
Total	\$22,015,000	\$20,444,100

Marketing/brand management:

Pres, T. Arai
 Vp gen mgr, N. Doulas Mazza
 Dir corp comm, Jim Weber
 Natl adv mgr, Tom Myers
 Asst adv mgr, Diana Van Alstine
Agency: Keye/Donna/Pearlstein,
Los Angeles
 Exec vp, Spike Bragg
 Vp media dir, Alan Hyman
 Vp asst media dir, Garfield Ricketts
 Acct supr (corp), Tim O'Mara
 Acct exec (corp), Laura Hunter
 Asst acct exec (corp), Lisa Kruttschnitt
 Media supr (corp), Fran McCreary
 Acct supr (dealer), Dick Diekman
 Acct execs (dealer), Maryann Malorgio
 (NY), Bill Heffernan (Atlanta)
 Media supr (dealer), Maria Sosanovich
 Media plnr (dealer), Kris Persson,
 Alexis Van Dyke
 Asst media plnr (corp & dealer),
 Capers Hammond

Bartles & Jaymes
was the only
wine-cooler entry.

192. PRUDENTIAL INSURANCE

COMPANY OF AMERICA
GENERAL PROMOTION

	Media investments	
	1988	1987
Magazines	\$ 2,491,200	\$ 4,606,700
Natl. Sun. mags.	1,832,800	3,183,400
Network tv	16,573,500	18,244,300
Spot tv	1,084,500	345,000
Network radio	—	—
Spot radio	376,500	372,800
Outdoor	6,100	62,000
Network cable	—	46,700
Newspapers	—	2,233,400*
Natl. synd.	—	—
Total	\$21,988,100	\$29,094,300

*M&MD estimates

Marketing/brand management:

Vp public affairs, Scott Mason
 Sr vp public affairs, William Tremayne
 Dir adv, Mary Lou Sack
 Adv mgr, Vickie Snoy
 Assoc adv mgr, Karen Heid
Agency: Backer, Spielvogel,
Bates, N.Y.
 Exec vp, Stephen Seiter
 Mgmt rep, Tom Hook
 Vp acct suprs, Richard Driscoll,
 Debra Radcliffe
 Acct supr, Robert Miller
 Sr vp-media dir, Tom Mullen
 Vp-assoc media dir, Steve Maietta
 Media supr, Amy Marsh

193. CARLTON FILTER

CIGARETTES

American Brands Inc.

	Media investments	
	1988	1987
Magazines	\$10,971,800	\$ 85,200
Natl. Sun. mags.	2,991,600	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	4,391,100	4,992,300
Newspapers	2,991,600	—
Natl. synd.	—	—
Total	\$21,986,200	\$7,817,800

Marketing/brand management:

Sr vp mktg, William Moore

Sr prod mgr, Kenneth Noone
 Media dir, John Mellett
Agency: Laurence, Charles,
Free & Lawson, N.Y.
 Sr vp, Doug Bomeisler
 Mgmt supr, Al Magnane
 Asst acct exec, Bob Palermo
 Media dir, Bob Adler
 Assoc media dir, Marilyn Schan

194. NIKE SPORTING

FOOTWEAR

	Media investments	
	1988	1987
Magazines	\$ 3,964,600	\$1,655,600
Natl. Sun. mags.	—	—
Network tv	13,549,900	4,755,300
Spot tv	273,800	600,600
Network radio	335,200	51,600
Spot radio	58,500	200
Outdoor	54,200	115,800
Network cable	1,587,100	1,230,900
Newspapers	230,500	79,200
Natl. synd.	1,787,100	280,400
Total	\$21,840,900	\$8,769,600

Marketing/brand management:

Vp mktg, Tom Clarke
 Dir adv, Scott Bedberry
 Mktg info mgr, Jerry Conlon
Agency: Wieden & Kennedy
Inc., L.A.
 Dir media svcs, Deborah Griffith
 Assoc media dir, Jayshree Vakil
 Dir client svcs, Dave Luhr
 Mgmt supr, Tim O'Kennedy

195. PEPTO-BISMOL ANTACID

Procter & Gamble Co.
 (liquid and tablets)

	Media investments	
	1988	1987
Magazines	\$ 882,800	\$ 3,153,400
Natl. Sun. mags.	—	—
Network tv	10,182,900	9,767,500
Spot tv	3,650,700	2,470,000
Network radio	2,368,300	2,641,400
Spot radio	443,600	1,100
Outdoor	16,700	46,000
Network cable	2,568,300	1,713,800
Newspapers	—	33,900
Natl. synd.	2,089,100	159,200
Total	\$21,802,400	\$19,986,300

Marketing/brand management:

Personal Care Products Division:
 Brand mgr, T. A. Moore
Agency: Leo Burnett Co. Inc.,
Chicago



Vp-acct dir, Mike Miller
Acct supr, Ray DeThorne
Acct exec, Steve Smith
Exec vp grp crtv dir, Bob Welke
Vp assoc crtv dir, Donna Spiegel
Exec vp media srves, Willard
Hadlock
Vp media dir, Robert Kirkpatrick

196. MITSUBISHI GALANT

Mitsubishi Motors Group

	Media investments	
	1988	1987
Magazines	\$ 529,800	\$1,990,100
Natl. Sun. mags.	—	—
Network tv	8,713,100	1,476,800
Spot tv	11,780,600	5,606,100
Network radio	—	—
Spot radio	—	—
Outdoor	38,800	—
Network cable	260,900	3,900
Newspapers	—	—
Natl. synd.	320,500	—
Total	\$21,643,700	\$9,076,900

Marketing/brand management:

Adv dir, Dan Girard
Mgr adv, Tranees Oda
Agency: Grey Advertising,
N.Y.
Sr vp grp mgmt supr,
John Myley
Asst media dir, John Montegarr

197. PEARLE VISION CENTERS

Grand Metropolitan

	Media investments	
	1988	1987
Magazines	\$ 2,310,200	\$ 328,900
Natl. Sun. mags.	—	—
Network tv	—	3,471,000
Spot tv	17,184,600	13,737,900
Network radio	—	—
Spot radio	—	—
Outdoor	9,700	11,800
Network cable	619,200	561,100
Newspapers	1,420,400	1,115,600
Natl. synd.	—	—
Total	\$21,544,100	\$19,226,300

Marketing/brand management:

Sr vp mktg, Joseph T. Dono
Mktg dir, Debra L. Tippet
Dir field mktg, Randy Henry
Mktg mgr, Barbara Pijot
Dir plng & dev, Phillip Suttle
Agencies: Foote, Cone & Belding,
Chicago
Sr vp grp dir, Joan Black

Vp mgmt dir, Bob Kubis
Acct exec, Lynn Bostrom
GSD&M, Austin
Vp acct dir, Steve Braasch

198. COLGATE TARTAR

CONTROL FORMULA

TOOTHPASTE

Colgate-Palmolive Co.

	Media investments	
	1988	1987
Magazines	\$ 1,293,200	\$ 347,800
Natl. Sun. mags.	—	—
Network tv	16,692,700	19,267,500
Spot tv	1,387,100	3,686,100
Network radio	—	—
Spot radio	—	—
Outdoor	27,000	—
Network cable	286,900	10,000
Newspapers	—	—
Natl. synd.	1,847,400	3,167,100
Total	\$21,534,300	\$26,478,500

Marketing/brand management:

Corp vp-pres Colgate USA,
E. Fogarty
Exec vp, P.G. McArthur
Vp gen mgr (oral care), D. Meyer
Mktg mgr (oral care), J. Haber
Vp creative srves, A. Alen
Corp dir media, R. Godbeer
Agency: Young & Rubicam, N.Y.
Vp grp supr, Ed O'Donnell
Media supr (oral care), Amy Berry
Sr vp mgmt supr, Bob Fane
Acct supr, Claudia Eisen
Siboney Advertising, N.Y.
Gm, Roger Pisani
Acct supr, David Cole
Acct exec, Meria Botta
Vp media dir, Meg Bernot
Media plnr, David Flynn

199. KELLOGG'S RICE

KRISPIES

Kellogg Co.

	Media investments	
	1988	1987
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	\$15,419,100	\$15,678,000
Spot tv	3,466,200	3,588,700
Network radio	—	—
Spot radio	—	—

Outdoor	—	—
Network cable	310,500	388,000
Newspapers	1,002,800	—
Natl. synd.	1,208,800	2,019,600
Total	\$21,407,400	\$21,874,300

Marketing/brand management:

Exec vp sales & mktg, M.D.
Simpson
Vp mktg, T.P. Mobsby
Agency: Leo Burnett Co, Inc.,
Chicago
Exec vp acct dir, Jim Jenness
Vp acct dir, Tim O'Day
Acct supr, Larry Bruck
Sr acct exec, Patty Bloomfield
Exec vp media srves, Willard
Hadlock
Sr vp media dir, Lincoln Bumba
Asst media dir, John Muszynski
Minority Agency: Vince Cullers
Advertising, Chicago
Acct supr, George Boykin
Media dir, Jeff Cullers



200. WRIGLEY'S EXTRA

SUGAR FREE GUM

Wm. Wrigley Jr. Co.

	Media investments	
	1988	1987
Magazines	\$ 788,800	\$ 1,993,800
Natl. Sun. mags.	526,200	—
Network tv	11,808,100	10,466,400
Spot tv	5,271,200	6,329,300
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,218,200	1,112,700
Newspapers	—	—
Natl. synd.	1,786,200	910,500
Total	\$21,398,700	\$20,812,700

Marketing/brand management:

Grp vp mktg, Ronald O. Cox
Asst vp mktg dir, Susan Sherry
Agency: BBDO, Chicago
Sr vp mgmt supr, Tonise
Hayden
Acct supr, Cheryl Muzinic
Acct exec, Kristin Kurth
Sr vp exec media dir, Bob
Garrison
Vp dir media plng, Kathy Segal
Vp assoc media dir, Nancy Swiet

Sources

Consumer magazines and national Sunday magazines: Data summarized from the PIB Magazine Analysis prepared by Leading National Advertisers Inc. (LNA) of actual lineage run in those publications. Expenditures are based on current one-time gross rates before discounts. Rates for national full-run insertions are based on ad size and coloration. Rates for regional and less than full-run insertions are determined by LNA editors based on circulation and rates supplied by the magazines. Covered are more than 150 consumer magazines and four national Sunday magazines, plus tear sheets of over 1,500 regional editions a year.

Network tv and network radio: Data secured by Arbitron's Broadcast Advertisers Reports, which monitors all network broadcasts except those of the Mutual Radio Network. Material is collected on audio tape and then translated into a sequential listing. Network tv and network radio rates are based

on estimates provided by the three networks of per-minute cost for time and talent.

Spot tv: Data secured by Arbitron's Broadcast Advertisers Reports from listening posts in 75 top markets that monitor 319 stations for one week each month. These weekly records are projected to estimates of monthly spot tv usage. Spot tv rates are applied from a station rate deck that is constantly updated by agency buyers.

National syndication: Arbitron's Broadcast Advertisers Reports monitors the principal satellite transponders that carry syndicated shows 24 hours a day. Arbitron estimates brand expenditures by assigning an estimated national rate to each program, and applying that rate to each brand commercial that is monitored.

Brand dollar estimates are retabulated by *Decisions* by major brand name from the data just described. The brand data in greater detail is also available from each of the organizations that compile the data.

Spot radio: Data generated by Radio Expenditure Reports (RER) are calculated from a sample of 2,500 stations in 200 markets. RER's sources are 15 leading radio reps handling station groups that supply quarterly computer runs of the spots aired by station, by market, and by brand of product spots aired.

Outdoor: Data are based on information submitted to Leading National Advertisers (LNA) at the request of the Institute of Outdoor Advertising by outdoor plant operators in markets of 100,000 population or over. Covered is about 80% of total national outdoor advertising expenditures.

Newspapers: Data compiled by LNA Media Records, which measured every ad in 147 daily and Sunday newspapers. Actual space is multiplied by the applicable one-time general open rate. Dollar estimates include newspaper supplements, color comic sections, rotogravure, all color ads.



PORTRAIT of the GREAT AMERICAN INVESTOR

Oncology nurse Kelly Hummer has devoted her life to helping other people's children. But she saves her money for the day she has her own. She buys U.S. Savings Bonds, because they pay competitive rates. For more information, call toll-free: 1-800-US-BONDS.



U.S. SAVINGS BONDS

THE GREAT AMERICAN INVESTMENT

Bonds held less than five years earn a lower rate.
A public service of this publication.

SALES PROMOTION

by Russ Bowman

DOLLARS UP BUT COOLING DOWN

Just how big a business is sales promotion? The debate is on, and the answers are both loud and varied. Ask about its growth, however, and you'll find more of a consensus. In the early to mid 1970s, the tide turned, and most marketers began shifting marketing dollars to the promotion side of the mix.

Today, the story is pretty much the same, although the percentage gains of sales promotion vs. advertising (+7.5% vs. +6.8%) are closer than they have been in recent years. Nonetheless, in the 1980s, sales promotion has averaged 13% annual growth, while advertising has averaged 10%. Sales promotion totaled \$124.5 billion in 1988, which does not include esti-

mates of \$24 billion in trade promotion and \$5.1 billion in telemarketing.

When the move towards promotion began some 15 years ago, promoters and retailers took satisfaction as they cheered from their seats as second-class citizens in most marketing circles. The marketer caught in the middle paid little heed either to the boos of Madison Ave. or the cheering from sales promoters. They had to face the trend, get a clear fix on the implications for their particular companies or brands and start moving more boxes.

Meanwhile, the sales-promotion community was caught somewhat flat-footed. It was understaffed, underpaid and lacked adequate budgets for testing and proper evaluation. Most sales-pro-

motion agencies in that era were still suffering from the old promotional vendor's image of gimmick peddlers.

One way for promotion to gain a little more recognition and respect was to illustrate that while individual components of the sales-promotion budgets were relatively small, collectively promotion-type spending was even bigger than advertising. Two independent studies over the years have illustrated this. One is this expenditures study, initiated by the ANA promotion committee and reported in this magazine. The second is Donnelly Marketing's "Annual Survey of Promotional Practices." Although the base and methodologies are very different (the former based on estimated expenditures and the latter based on stated percents of the total marketing budget allocated to promotion vs. media by major con-

1988			
ADVERTISING	\$(000,000)	% of total	% vs. 87
Television	\$24,401	37%	+ 9%
Radio	7,408	11%	+ 5%
Business Publications	2,610	4%	+ 6%
Consumer Magazines	5,768	9%	+ 8%
Newspapers*	25,397	37%	+ 4%
Farm Publications	196	0%	0%
Outdoor	1,064	2%	+ 4%
TOTAL	\$66,844	100%	+ 6.8%
SALES PROMOTION			
Direct Mail	\$21,115	17%	+ 8%
POP Display	16,795	13%	+ 7%
Premiums & Incentives**	16,495	13%	+ 6%
Meetings & Conventions	33,526	27%	+ 2%
Trade Shows & Exhibits	8,040	6%	+ 20%
Promotional Advertising	10,833	9%	+ 15%
Print/AV Misc.	11,908	10%	+ 10%
Coupon Redemption	5,798	5%	+ 14%
TOTAL	\$124,510	100%	+ 7.5%
GRAND TOTAL	\$191,354		+ 7.3%

* M&M figure based on NAB total, less FS's.

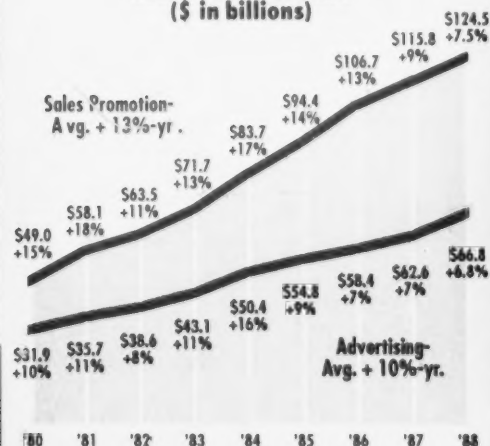
** Includes Sweepstakes & Contests.

Source: Russ Bowman

Note: Full sources appear at the end of this article.

ADVERTISING AND PROMOTION IN THE '80s

Year-to-Year Growth (\$ in billions)



Source: Russ Bowman

Note: Full sources appear at the end of this article.

1988: THE YEAR

sumer product/service companies), they both show the same trend — promotion has grown considerably over the years.

A small element of the advertising community still reacts to the promotion growth trends with disbelief and defensiveness. But most advertising executives see the trends as a reality of today and (at least short term) tomorrow.

In a sense, Donnelly Marketing's annual report — now in its 11th year — is a more clear-cut indication of the trends, since it reflects a simple three way (percent of total) split of the marketing mix. Although you see a few slight ups and downs from year to year (see chart below), the trend pattern is quite clear — promotion's share (69%) has been increasing while traditional media advertising's (31%) has been de-

clining. Once more the mix for larger firms (those over \$1 billion) is even greater — 72% promotion vs. 28% advertising in 1988.

Last year was a relatively low-key one for promotion, despite the national election and the Olympics. It didn't come near matching some earlier years in this decade when areas such as coupons and point-of-purchase were experiencing increases as high as 20% in year-to-year growth.

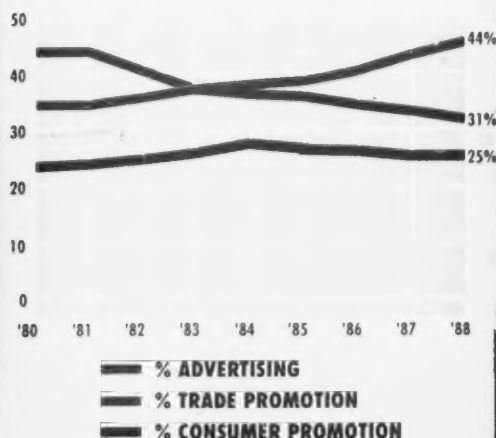
As for advertising, our highlighted media managed a 6.8% gain over figures in last year's report. Robert Coen, senior vice president and director of forecasting at McCann-Erickson, sees a somewhat stronger overall picture. "The final advertising total for 1988 represented a gain of 7.7% over 1987."

Premiums and incentives (including

incentive travel) represented \$16 billion, including consumer sweepstakes and games in 1988, with trade incentives showing a much greater gain over 1987 (+6.5%) compared to either business gifts (+4.3%) or consumer premiums (+4.1%). The top three incentive spending categories (retailers, wholesalers and food products) show less than average growth, but the next two (toiletries and cosmetics and auto parts, tires and accessories) showed double-digit growth over 1987.

Couponing growth has declined somewhat but recently is becoming a question of whose numbers do you believe. Mc3, the division of Donnelly/Nielsen that has the oldest record of couponing, shows 1988 with 221.7 billion coupons distributed; Summary Scan, a division of the Advertising Checking Bureau, shows 252.7 billion.

ADVERTISING/PROMOTION ALLOCATIONS 1980-1988



Source: Donnelly Marketing's Eleventh Annual Survey

CONSUMER PROMOTION SCORECARD

Types of promotion	% of respondents using in each year				
	1988	1987	1986	1985	1984
Couponing Consumer Direct	92%	96%	91%	93%	95%
Money Back Offers/Cash Refunds	85	87	85	85	81
Cents-Off Promotions	74	69	70	78	64
Sweepstakes	72	66	72	77	73
Premium Offers	68	74	58	79	62
Sampling New Products	65	71	64	77	67
Sampling Established Products	63	65	57	76	56
Couponing in Retailers' Aid	63	57	45	56	40
Pre-Priced Shippers	52	56	55	70	49
Contests	46	38	40	55	29

Source: Donnelly Marketing Eleventh Annual Survey

IN PROMOTION

SEND — YOUR — COMMERCIALS — TO — COLLEGE.

And Teach Your Clients How to Reach a \$30 Billion Market.

These studios and many others use Films Inc. to send their movies to colleges and universities across the nation. Now we can send your message along with these movies to millions of brand-conscious students. We can also create on-campus promotions including sponsorships of film festivals, distribution of coupons and product samples, and can arrange for data base collection.

To receive an advanced degree on how to reach this vital market, call us at (213) 969-9900 or fax us at (213) 874-1175.



7250 Franklin Avenue
Los Angeles, CA 90046

SALES PROMOTION

Both reports agree newspaper free-standing inserts dominate the business, but Mc3 says FSIs got 77% of couponing, while Summary Scan says the medium got 88%. According to Mc3, the average face value of the coupons redeemed in 1988 was 41.5¢, up 5% from the 39.7¢ reported in 1987.

Trade shows made strong gains in 1988, with booked space up about 8%, according to Bill Mee, director of the Trade Show Bureau. That puts the trade-show business at about \$12.9 billion for 1988, with 38% going for travel of exhibitors. Without the travel costs, the figure for 1988 comes to about \$8 billion.

Overall, promotion continues its strong growth and consequently its greater recognition. Now marketers need to recognize its strengths and weaknesses and see promotion as a

INCENTIVE SCORECARD

	1988 EXPENDITURES (000)	1987 EXPENDITURES (000)	% CHANGE
SALES INCENTIVES	\$4,760,479	\$4,464,731	+6.6%
Merchandise	3,496,695	3,247,336	+7.7%
Travel	1,263,784	1,217,395	+3.8%
DEALER INCENTIVES	\$2,697,004	\$2,538,066	+6.3%
Merchandise	1,768,352	1,660,814	+6.5%
Travel	928,652	877,252	+5.9%
MERCHANDISE TOTAL	\$5,265,047	\$4,908,150	+7.3%
TRAVEL TOTAL	\$2,192,436	\$2,094,647	+4.7%
TRADE TOTAL	\$7,457,483	\$7,002,797	+6.5%
BUSINESS GIFTS	\$1,551,324	\$1,486,945	+4.3%
CONSUMER PREMIUMS			
Product Promotion:	\$4,108,091	\$3,925,162	+4.7%
• Mail-In Offers	2,096,579	1,988,071	+5.5%
• Direct Premiums	2,011,512	1,937,091	+3.8%
Retail Promotions:	\$1,594,810	\$1,552,656	+2.7%
• Sweepstakes, Games	198,032	185,946	+6.5%
• Direct, Trading Stamps	1,396,778	1,366,710	+2.2%
CONSUMER TOTAL	\$5,702,901	\$5,477,818	+4.1%
TOTAL USAGE	\$14,711,708	\$13,967,560	+5.3%

Source: Incentive Marketing 1988

partner with advertising in the right mix for the right brand at the right time. ■

Sources for advertising and sales promotion figures — Advertising: Russ Bowman, based on McCann-Erickson figures; Direct Mail: Direct Marketing Association; POP Display: POPAI; POP Radio: ActMedia; Premiums & Incentives: Incentive magazine; Meetings & Conventions: Meetings & Conventions magazine; Trade Shows & Exhibitions: Trade Show Bureau; Promotional Advertising: Russ Bowman; Print AV Misc.: U.S. Government figures and Wolfman AV report; Coupon Redemption: Mc3 and Summary Scan; Trade Promotion: IRI Sage Worldwide; Telemarketing: Telemarketing magazine and AT&T.



ECONOMIC EYE

VCR REVIEW

During an average week in February, tv households spent approximately two-and-one-half hours recording on their VCRs, reports Nielsen. Prime time is the most popular for recording, with 41% of all recording time devoted to this daypart. Early morning, on the other hand, accounts for only 2% of all recording time.

MAGAZINE AD SCORECARD

	Ad Pages May 1989	% change from May 1988	Dollars spent (000)	% change from May 1988
1. Skin care, Creams, Lotions and Oils	264.26	169.8	11,334.3	247.9
2. Lip and Eye Beauty Products	154.44	18.3	5,602.6	1.3
3. Scents and Fragrances	365.92	7.1	12,089.6	22.0
4. Facial Makeup Products	85.58	-8.0	3,357.2	-14.5
5. Prepared Dinners and Entrees (including pizzas)	45.46	59.5	3,122.1	97.9
6. Liquor	403.09	-1.6	18,982.2	2.05
7. Cigarettes	813.41	11.1	46,425.3	35.5
8. Soaps and Detergents	55.55	-10.3	3,205.2	-12.5
9. Passenger Cars, Domestic	733.64	33.6	40,077.0	42.8
10. Passenger Cars, Imported	665.41	2.9	36,685.6	16.6

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

1989

	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change
Network TV																
Daytime	73	-14	146	+60	82	-16	80	-14	73	-10	77	-17	68	-15	66	-15
Nighttime	118	+4	118	+11	114	-9	113	-2	109	-2	122	+8	120	-19	125	+11
Spot TV																
Prime time	125	-8	141	+14	128	+6	104	+3	129	+5	141	+10	127	-2	125	-4
Daytime	100	-14	107	+4	106	-5	102	-10	99	-6	118	-5	120	+11	97	-1
Network radio	111	+6	112	+5	131	+8	125	+10	119	+12	158	+8	142	+10	139	+15
Spot radio	-	-	105	+2	-	-	-	-	110	-3	-	-	-	-	-	-
Consumer magazines	114	+5	116	+6	115	+5	118	+6	119	+6	127	+6	122	+6	122	+6
Natl. Sunday magazines	128	+14	130	+10	130	+10	130	+10	130	+10	129	+10	129	+10	129	+10
Business publications	117	+5	118	+6	118	+5	120	+6	120	+7	119	+2	119	+2	119	+2
Newspapers	124	+7	123	+7	124	+7	124	+7	124	+7	131	+5	131	+6	131	+6
Outdoor	123	+8	123	+8	113	-4	113	-4	113	-4	113	-4	113	-4	113	-4

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources

Nighttime Network TV: Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports (BAR) Network TV Service.

Daytime Network TV: Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio: Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines: estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags: estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers: estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters: based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio: index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications: estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

02950-3

MARKETING & MEDIA DECISIONS

AUGUST 1989 • \$4.00

MEDIA COSTS '90

New twists in advertising's strategic role are changing the rules of media buying and selling. Some rates will be swept up in the storm.



0711 001601 41 93 000000 5-DIGIT 20814
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

INTO
THE

WHIRLWIND

MARKETING & MEDIA DECISIONS

COVER STORY

MEDIA COST FORECAST 1990 36

The sellers plan more aggressive rate increases next year than in the recent past, and some with justification. But buyers remain calm at the center of the whirlwind of options. After all, they control its course.

FEATURES

ECONOMIC OUTLOOK 41

Everyone expects a slowdown, but whether it will be a "soft landing" or a drop without a parachute depends on who you talk to. Whichever, consumer spending is softening, though ad budgets are holding on.

AS SAATCHI SEES IT 47

Betsy Frank and her agency, Saatchi & Saatchi DFS Compton, are "cautiously optimistic" about the year ahead, based on marketers' renewed faith in advertising's strategic value.

TELEVISION 52

A perfect example of supply and demand in action, broadcast tv is defying negative trends and winning big increases. The auto market is the driving force, but many other categories are along for the ride.

CABLE 59

Better programs, better research and better marketing are leading cable sellers to their desired goal: better rates. But was there or wasn't there an up-front this year?

RADIO 65

The little box goes boom as radio sees its business grow by double-digits. Network and spot rates will follow suit, and local will be close behind.

CONSUMER MAGAZINES 70

As the business of magazine buying and selling is redefined in today's marketing terms, the subject of rates is one that stirs up a lot of emotion. This year, the stir has become a storm.

BUSINESS MAGAZINES 79

The strong get stronger in share of market, and the second tier gets increasingly sophisticated in its efforts to get a piece of the action.

NEWSPAPERS 85

Publishers have made Herculean efforts to make their medium easier to use for national advertisers. Now comes the final, and most formidable, hurdle: price.

OUTDOOR 92

Outdoor was caught napping by its reliance on tobacco. That lesson has led to new creative energy, stronger marketing efforts and big gains in new categories of advertisers.

YELLOW PAGES 97

Buyers are frustrated by the medium's lack of meaningful research, and publishers are unlikely to satisfy them soon. Other new marketing tools, however, may ease the strain.

DIRECT MARKETING 104

High costs continue to haunt this medium, but for the moment, demand continues to keep pace. Future cost hits, however, have direct marketers and suppliers worried.

BRAND REPORT 163: SPORT/UTILITY VEHICLES 109

They are the station wagons of the '80s, and marketers are adding options and new marketing angles to take advantage of the trend. Brand Report Index, pg. 121.



DEPARTMENTS

M&MD FUTURES 8

Justin Parks shares the sweet story of Godiva Chocolate's success.

LETTERS 10

Top 200 update . . . refreshing feature found . . . problems resolved.

PRO FILES 14

Ann Clurman sheds some light on Grey's market research, and Michele Magazine goes back to high school.

PRINT BEAT 17

Liquor ad guidelines . . . a bi-monthly is born . . . redefining magazine research . . . yellow pages *Link*.

BUSINESS-TO-BUSINESS 24

Informing and motivating employees is taking on new importance at the corporate level.

CREATIVE CONCEPTS 26

Chiat/Day/Mojo's Effie-winning NEX campaign is a classic, both creatively and in terms of its media plan.



BOOKS, ETC. 28

A love affair with advertising is exposed in David Martin's *Romancing the Brand*. So are some useful insights into the business.

FREEZE FRAME 30

VH-1 is taking a strong position, and a corresponding risk, as it aligns itself with socio-political causes.

DIRECT MARKETING 32

Veronis, Suhler take measure of unmeasured media, b-to-b business is assessed and a list expert offers some guidelines for buyers.

BROADCAST BEAT 133

Broadcast and cable CPMs on the rise in '90 . . . TVB promises to "Turn on the Power" . . . Fox draws younger demos . . . viewer involvement vs. ad effectiveness.

SALES PROMOTION 138

Tips on avoiding coupon fraud are offered from a logical source: a convicted felon. Also, some award-winning efforts.

ECONOMIC EYE 140

Cable penetration is brought up to date, the latest on magazine category spending and the Media Cost Index for April 1989.

TOOLS OF THE TRADE 142

We are what we live through, which means the next generation of consumers' values and attitudes are being shaped today.

LAST WORD 144

Jerome Williams of Pennsylvania State reports that celebrities are particularly effective in communicating with the Black market.

AS THEY SEE IT

MEDIOLOGY Ron Lawrence 123

Putting faces on the numbers can make all the difference in a media plan. You should always remember the advertiser's and consumer's points of view.

MAGAZINES Kate Holmes 125

Traditional magazine-planning groups show good, old-fashioned value in this age of centralized buying.

TELEVISION Bernie Guggenheim 126

Despite all the negatives you've read, the Olympics can still score big in terms of viewers and recall.

CABLE Jon Marks 130

Yes, it's a pain, but local cable can offer some unique advantages for advertisers.

BUSINESS·TO·BUSINESS

by Frank Sommerfeld

TALKING TO YOURSELVES

It's often the case that giant corporations' institutional advertisements are targeted at the companies' employees as well as their potential customers. To unite far-flung divisions and keep up employee morale, conglomerates with little or no consumer presence often go so far as to use prime-time tv to talk to both constituencies at once.

But this high-priced, inner-directed tv advertising can miss the mark, say those now shopping the alternatives. "Advertising on tv to reach employees is a stretch, no matter how big the company," says Rob Rappaport, president of The MultiMedia Group Inc., a Los Angeles firm specializing in internal corporate communications. There are many more efficient and effective ways for a company to tout its products and philosophies to its own people, he maintains.

Increasingly, corporations are checking out some of those options. The field of internal marketing has become one of the hottest and most sophisticated areas of business-to-business marketing.

"The corporate world is realizing there's a definite customer-client relationship between the marketing side of a company and operations," says Mark Cohen, vice president of Los Angeles-based Maritz Communications Co., which competes with MultiMedia. Rappaport says MultiMedia, with \$11 million in revenues, grows about 25% a year and that the entire internal advertising industry is a \$6 billion a year business. And Anthony Petrucci, vice president of Anthony M. Franco Inc., a Detroit public-relations agency, says his firm's internal communications business has grown 20% this year.

Petrucci used a medium as low-tech as a bulletin board to bolster dedication

and morale at a machine-tool company. He divided the bulletin boards in half, placing copies of ads and brochures that outlined the image the company was trying to build on one side and hanging letters from customers on the

men," says P&A communications manager Russell Murphy. He adds that the money for the newsletter, which is produced by Franco, comes from P&A's overall ad budget.

Many internal business-to-business clients are companies with decentralized networks of franchisees or sales representatives. While newsletters are still key tools, fancy video productions — internal tv ads, as it were — are getting ever more popular as video production becomes commonplace.

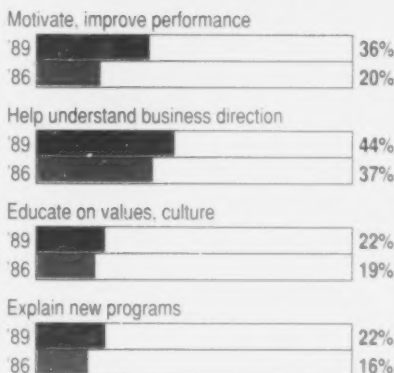
They are also, by necessity, more complex. MultiMedia's Rappaport argues, "Our job is harder than an advertiser's because the audiences, such as franchised auto dealerships, are sophisticated and critical. At our upcoming Mazda show for the dealers, for example, we will have to promote the 1990 model line as well as discuss the long-term future of the automobile market."

Taco Bell recently hired MultiMedia to produce an internal campaign to act as a kind of cheerleader for the chain's latest external marketing efforts. "We explained the rationale of the ad campaign to the kids who work in the restaurants by producing a video with a real MTV feel to it. They'll probably do their jobs better," hopes Rappaport.

In most companies, internal marketing has evolved into an activity worthy of its own budget line. A decade ago, it was almost always paid for out of the advertising and promotion budget. Also, companies now turn directly to internal marketing specialists, whereas several years ago they let their advertising agencies contract out internal marketing. "Now, we deal with the client 100% of the time," says Rappaport. "Five years ago we dealt with an advertising agency 30% of the time, and 10 years ago it was 70%." ■

THE NEED TO COMMUNICATE

The Wyatt Company, a Chicago-based consultancy, reports increased awareness of internal communication needs. Among the types of communications judged in need of improvement:



Source: 1989 Wyatt Communication Survey.
Base = 2,120 companies and organizations.

other that either praised or berated the company. A red traffic light shone over the board after a complaint and a green light flashed after a positive posting. "The campaign let the worker get closer to the environment in which the products he made were sold," says Petrucci.

But many internal campaigns have the exact same objective as consumer campaigns: to increase sales. The house organ at Parker & Amchem, a Michigan chemical company, is designed to give salespeople inspiration and new ideas. "The newsletter promotes certain promotions that one industry group is doing with the hope that another group will pick it up. It really makes for more well-rounded sales-



INTO THE WHIRLWIND

From network tv to the yellow pages, the traditional ways of doing business have been swept away by a tornado of new marketplace realities. Demanding and increasingly sophisticated buyers set the pace and manipulate their deals to meet exacting marketing needs. If that means merchandising, then so be it; if it means multi-media deals, then so be it; if that means packages, discounts, promotional tie-ins or any number of other added-value options, then the smart seller will respond accordingly.

On the one hand, this has been good for the media. They've responded well with innovative plans and opportunities, and in the process have reaffirmed the strategic value of advertising in the marketing mix. Even as the economy cools and many predict a slowdown ahead, advertising plans in some categories are being stepped up.

But such a shift in how media are bought and sold has profoundly altered their businesses. Cost pressures and rate sensitivity have escalated hand-in-hand, making the task of setting ad rates a particularly risky one. It has also made our task of projecting those increases even more difficult.

With that in mind, we polled over 100 media directors concerning their projections on costs for the year ahead. We also interviewed many one-on-one to understand the basis for their outlooks. The result is our call that the average overall cost of a media unit for 1990 will rise by 5.2%.

This compares with our panel's report of an actual 1989 increase of 5.3%, which is higher than the 4% our poll estimated last year. But that projection was right on the money when you consider that 1989's higher actual

number includes the first-time addition of cable. When cable is factored out, our respondents' insights proved out: It all adds up to a +4%.

All figures are, of course, averages based on estimates for 12 media options (see charts). The individual components in the anticipated rate hikes range from a +10.3% average for cable

previous year, while the other media fell into the +4.5%-to-6% range.

For the year ahead, advertisers show concern over softening consumer spending. But there is a hint in the air of a renewed emphasis on media advertising and its role in image/value communications. Sales promotion, which has grown over the past few years at the expense of media advertising, appears to be losing some steam.

There are many reasons for this, but one of the stronger ones is consumers' renewed love affair with established brands. Consumers seem to be craving more stability in their lives, and this is translating into purchase patterns that favor trusted, well-known brand names. This trend could, if the economy holds, mean some real growth in media advertising.

Agencies are also out to get their money's worth as the media department continues to underscore its role as a strategic player in clients' marketing plans. They face a real challenge. Mergers on both the client and agency side have exacerbated any already complex task as budgets are pooled and clients are matched to complex media and promotion plans. And the future forecast shows more of the same. Media directors are actively restructuring their departments to better analyze and, indeed, create new media opportunities.

Who will pay for the extra costs? That question weighs heavily on all parties as next year's increases are debated. But one point seems assured: Such creative media thinking is the future of more efficient and effective communications.

It may not be Oz, but it's a start. ■



to a meager +0.6% average for daytime. Elsewhere in the media mix, projections fall in the 5%-6% range.

Among the actual increases reported for 1989, cable's extraordinary jump of 18.7%, as reported by our major-agency sample, reflects the push by big-ticket advertisers into the medium's top-tier programming. While no one will deny that the medium has had a good year, the total picture is undoubtedly a bit more conservative. Daytime broadcast, meanwhile, showed rates down 8% from the pre-

MEDIA COST RISES

	1990 vs. 1989		1989 vs. 1988		1988 vs. 1987		1987 vs. 1986		1986 vs. 1985	
	Anticipated		Actual	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated
Average increases—unit cost										
Nighttime network tv	6.0%		5.0%	3.5%	5.9%	6.0%	3.2%	4.0%	5.9%	7.0%
Daytime network tv	0.6		-8.0	-1.4	-3.4	0.5	-7.7	-3.8	3.9	6.9
Spot tv	5.1		4.6	5.0	5.9	8.4	5.6	5.5	5.8	7.7
Network radio	5.3		4.3	3.3	3.2	6.4	5.7	5.1	9.1	7.2
Spot radio	4.2		4.5	3.9	4.0	6.0	4.4	4.4	5.6	6.8
Consumer magazines*	6.3		5.7	5.0	4.7	5.6	4.3	6.7	7.0	7.7
Cable	10.3		18.7	—	—	—	—	—	—	—
Daily newspapers	5.2		6.1	6.1	6.0	6.6	6.5	7.2	7.4	7.9
Outdoor posters	4.8		6.2	5.1	4.8	5.3	4.9	5.3	5.7	7.2
Business publications	5.6		5.5	4.9	4.9	5.4	5.3	6.3	7.6	7.2
Yellow pages	5.3		5.7	5.3	5.2	—	—	—	—	—
National syndication	3.8		4.8	3.2	5.4	—	—	—	—	—

* Includes National Sunday magazines
Source: Marketing & Media Decisions

ANTICIPATED MEDIA COST MOVEMENTS 1990 vs. 1989 (Average Changes)

Medium	Unit Cost	Audience	CPM
Nighttime network tv	6.0	-2.6	8.5
Daytime network tv	0.6	-4.07	3.9
Spot tv	5.1	-0.5	5.6
Network radio	5.3	0.1	5.1
Spot radio	4.2	0.1	4.0
Consumer magazines*	6.3	1.5	5.7
Cable	10.3	5.7	7.0
Daily newspapers	5.2	-0.8	5.9
Outdoor posters	4.8	1.2	3.5
Business publications	5.6	1.2	4.8
Yellow pages	5.3	1.0	4.9
National syndication	3.8	0.2	3.5

Response Ranges

Nighttime network tv	+1/+10	-8/+5	+4/+15
Daytime network tv	-19/+10	-10/0	-10/+15
Spot tv	0/+12	-3/+2	0/+10
Network radio	0/+12	-2/+2	0/+12
Spot radio	0/+7	-1/+0.5	0/+7
Consumer magazines*	+3/+10	0/+3	+4/+8
Cable	+2/+34	0/+25	+1/+19.4
Daily newspapers	+1/+9	-2/+0.2	+2/+10
Outdoor posters	+2/+10	0/+3	+1.5/+10.2
Business publications	+4/+8	0/+5.6	+3/+8
Yellow pages	+4/+6.4	0/2	+3/+6.4
National syndication	-10/+10	-5/+5	-15/+8

* Includes National Sunday magazines
Source: Marketing & Media Decisions

ACTUAL MEDIA COST MOVEMENTS 1990 vs. 1989 (Average Changes)

Medium	Unit Cost	Audience	CPM
Nighttime network tv	5.0	-3.3	6.7
Daytime network tv	-8.0	-5.7	-6.6
Spot tv	4.6	0.9	4.3
Network radio	4.3	1.4	3.9
Spot radio	4.5	0.2	4.0
Consumer magazines*	5.7	2.5	4.8
Cable	18.7	2.8	7.2
Daily newspapers	6.1	1.0	5.9
Outdoor posters	6.2	-2.4	5.4
Business publications	5.5	3.3	4.3
Yellow pages	5.7	2.0	5.0
National syndication	4.8	2.6	3.6

Response Ranges

Nighttime network tv	-1/+12	-9/+5	+3/+13
Daytime network tv	-25/+6	-29/-0.5	-25/+10
Spot tv	-4.5/+12	-2/+6	+2/+8
Network radio	+2/+12	0/+5	-3/+12
Spot radio	+2/+8	0/+0.5	+1/+6
Consumer magazines*	+4/+8	+0.9/+4	+3/+8
Cable	+2/+25	-25/+17	+2/+18.7
Daily newspapers	+2/+10	-2/+6	+3/+9
Outdoor posters	+3/+10	+0.8/+4	+2/+8
Business publications	+3/+9	+0.4/+9	+1/+9
Yellow pages	+3/+7	+1/+4	-1/+7
National syndication	+2/+12	-5/+8	+1.7/+10

* Includes National Sunday magazines
Source: Marketing & Media Decisions



PREPARE TO LAND

Most experts predict a slower economy, but how quickly we get there is up in the air.

by Carol Hall

With what-goes-up-must-come-down logic, economists have been predicting severe dips in the economy since it began soaring six years ago. This year, things are no different: the main indicators point strongly to some kind of slowdown in the current expansion.

The year's economic catch phrase is "soft landing." Used by hopeful forecasters, it means an economy that's still growing, only more slowly, and where inflation pressures and unemployment rates don't continue to build. As one economist explains, "The trick that policy-makers are trying to do is to slow the economy down enough — but not so much that it plunges us into a recession. It's a tricky balance and very difficult to strike."

Some subscribe to the "soft landing" optimism and have unbuckled their safety belts. But others have put on their crash helmets. They point to slackening new car sales, a drop in housing construction and the instability caused by a strengthening dollar.

How will media rates be affected? Obviously, if the economy slows significantly and corporate profits decline, capital spending will be cut, as will ad budgets. The general consensus is that consumer spending is weakening, meaning a slowdown in ad budgets.

Robert Brusca

Senior vice president/chief economist
Nikko Securities Co.

"I'm not the optimist these days," sighs Brusca. The strength of the dollar ranks high on the worry list. While a low unemployment rate is every poli-

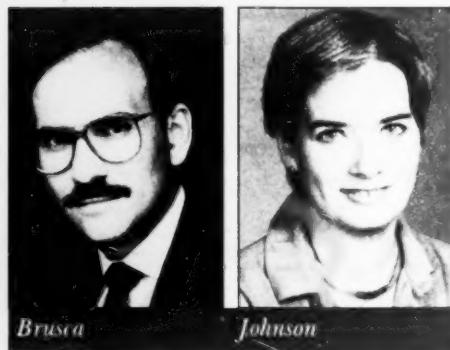
tician's dream, it gives Brusca the economic heebie-jeebies. "We're going to continue to have pressure in the labor market because of it." The low rate, he says, "will result in more wage inflation, and that'll feed into more price inflation." And that, he warns, is more

PROJECTED INCREASES AT A GLANCE

	GNP	Unemployment	CPI	Interest rates (T-bills, 3 months)
Richard D. Rippe				
Second half '89	1%-1.5%	5.5%	4.5%-5%	7.6%
First half '90	1%-1.5%	6%	4.5%	6.7%-7%
Donald Straszheim				
Second half '89	-4.5%	5.6%	5.55%	8%
First half '90	+1.75%	6.1%	5%	6.85%
Delos Smith				
Second half '89	+15%	5.7%	5.2%	8.25%
First half '90	-1%	6.25%	5%	8.25%
Deborah E. Johnson				
Second half '89	3%	5%	3.7%	7.75%
First half '90	3%	4.8%	3.7%	7.5%
Robert Brusca				
Second half '89	2%	5%	5.25%	8.4%
First half '90	2.75%	4.9%	6%	9.1%

Source: Marketing & Media Decisions

insidious than "a rock-'em-sock-'em declining dollar, surging oil prices" or any number of other economic events. "It's not like a tornado threatening the house; it's more like termites in the basement." In short, he declares: "This ain't a soft landing in my book."



Deborah E. Johnson

Senior economist and vice president, Prudential Bache Securities

"GNP's going to grow at about 3% per quarter for as far as the eye can see," says Johnson. "It's part of our 'New Wave' economics," she explains, "where you have rolling recessions within different sectors of the economy at different times." Inflation should come in at 4.5% for 1989 and 3.7% for 1990, she predicts. "We're calling what's happening now a 'hard-landing scare.'"

Slow auto sales, on everyone's minds, are affecting other industries — notably primary metals and machine tools — but not enough, according to Johnson, to cause a recession. More worrisome, she says, is lackluster consumer spending. "Our forecast is based on a conservative 'couch potato' growth rate in spending, which is 2% to 3%. That's coming off the 'yuppie pace' of 4% to 5% between 1983 and '86," she notes.

While the balance of trade has some forecasters sweating, Johnson suggests a bright future lies ahead. "You have to remember our manufacturing sector went through tremendous restructuring and is extremely productive and therefore very competitive. And looking at the numbers, a lot of what we've imported have been capital goods (i.e. machine tools), which in the long run

only increases our export potential." Capital spending for 1989 should total 8%, says Bache, and 11% in 1990.

Richard D. Rippe

Senior vice president and economist, Dean Witter Reynolds

Richard Rippe says a number of things point to an economic slowdown: weaker consumer spending, a fall in housing construction and a decline in government spending among them. "But even the strong sectors like capital spending are slowing down somewhat from exuberant 1988 growth." Why lower investment by corporations? "Profits will be sluggish, and businesses will be reacting to signs of slowness elsewhere and will be more cautious." As opposed to 1988's capital spending increase of 9%, he says, 1989's total should come in at 5% and not improve much in 1990.

The Federal Reserve's currently tight monetary policy, he says, will ease as signs of an economic slowdown become clearer. He, like others, is very worried about the rising value of the dollar overseas. "That is a major risk, because it would threaten to turn the trade gains back to neutral and eventually reverse them."

Donald Straszheim

Chief economist, Merrill Lynch Capital Markets

The Federal Reserve, says Straszheim, recently moved to bring down interest rates because "they see the economy beginning to weaken and see inflation as a problem."

"Capital spending has been on a tear for the last couple of years, after a very lean period," he says. "For the remainder of 1989 and the first part of 1990, it will be much more subdued. It's not going to collapse, but it won't give the economy the lift it did in the last two years."

He adds that "corporate profits and earnings will not rise as fast in '89 and '90 as they did in '87 and '88." Earnings for *Standard & Poor* 500 companies, per share after taxes, rose about 20% and 35% in 1987 and 1988, respectively. This year and next,

Straszheim says, growth will only be in the single digits. "That will perhaps be an important restraint on spending on marketing."

Delos Smith

Economist, The Conference Board

The Conference Board projects negative growth in the GNP for the fourth quarter of 1989 and first quarter of 1990 (-1% and -1.3%, respectively). Though every economist will tell you that two successive negative-growth quarters is the very definition of "recession," Smith says the Conference Board refuses to slap that label on the immediate future. The U.S., he says, is probably not a "closed" economy any longer, but part of a global economy. He's not convinced forecasting tools are up to speed on analyzing global influences, so these negative numbers are probably not as severe as they seem now.

Growth in the CPI should be fairly moderate (the Board projects 5.2% for all of 1990) because "the food situation is much better this year than last year" due to heavy rains this spring. But food prices are still, in some cases, feeling the effects of last year's severe drought. And wage patterns won't show much acceleration, just perhaps grow in line with inflation. "But the old price/wage inflation is simply not there."

MEDIA ANALYSTS

Dennis McAlpine

Senior vice president, media analyst at Oppenheimer & Co.

McAlpine forecasts ad expenditures rising in the 3% range next year, along with GNP. Rate hikes, though, should



jump 5% to 6%.

Rate increases for network tv: on the order of 8%, according to McAlpine. "It's panic on the part of the advertisers again. I honestly didn't expect them to be up — I thought they'd be down because you didn't have the two reasons that contributed to the increases last year, the people meters from two years ago and the Writers' Guild strike last year. But," he adds, "it appears that the advertisers, or at least the ad agencies, want the security blanket of a guarantee, which means you buy upfront."

But spot tv, he says, looks weak, with increases in the 3% to 4% range. "That's mainly because the advertiser is putting more money into network, barter syndication and cable. His dollar is diluted."

Magazine rates, he predicts, will be up 4% to 5% on flat circulation. Newspapers can expect lineage increases to crawl up 1% or 2% by McAlpine's reckoning. Price increases will rise about 5%. Network radio looks very strong this year, with a 10% revenue gain in total, says McAlpine. One reason: more new programing is being offered.

Drew Marcus

President, media analyst at Kidder Peabody & Co.

Rate increases for radio will be 5% both this year and in 1990. On the expenditure side, "the national advertising market is generally strong, as we're seeing in the upfront market in prime-time television."

Newspaper rate increases will be in the 5% to 6% range next year, he says, with weaker classified ads reflecting a general slowdown in the economy. For 1989, he says newspaper growth will come in at 6%, with classified growing 7%, retail up 5% and national up 2%. "Profit margins are stable-to-up because of the tremendous job of cost control most newspapers are doing."

John Tinker

Media analyst, Morgan Stanley & Co.

"Certainly if corporate profits go down, people will spend less on advertising," says Tinker. "But on the basis of a soft-landing economy, I

guess you're looking at a 7% increase in ad revenues for 1990."

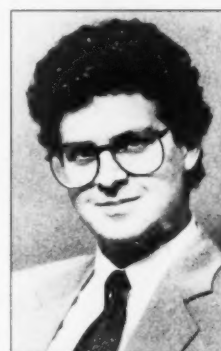
As for rate increases: "I don't think the business has been especially expanding or contracting, so maybe the unit price increase is up 6% for all media."

Cable tv's growth rate will continue to slow gradually, he says, pegging next year's growth in the range of 15% to 18%. He thinks second-half 1989 rates will be up about 6% and that 1990 rates could waver between 6% and 7%.

Ken Noble

Media analyst, Paine Webber

Total ad expenditures, Noble predicts, will grow about 7% in 1990. "Nothing big because we're looking at



Marcus



Noble

a slow economy," he says, adding that he expects corporate profits to decline.

National spot television rates should grow on the order of 5%, he predicts, with local's cost-to-advertisers rising 6% to 7%.

Magazines won't post big gains or rate increases in 1990, he claims. "I don't think they are as strong as the numbers so far this year indicate. The usual approach of counting pages, times rates, is somewhat irrelevant these days because of discounting." He thinks the true growth is usually about 1% less than reported. Magazine gains should start the year strongly, then slow the second half of '90 for a total of about 7%. Rates should increase on the order of 5% to 6%.

Newspapers should post a 6% rate gain next year, with revenue growth in the same neighborhood. For year-end

1989 he thinks the gain could be even higher. Though newspaper growth was up only 4.5% by mid-year 1989, that's misleading "because the numbers tend to come from big cities and the strength in advertising right now is in smaller cities on the retail side." Classified advertising, which he now estimates to account for 40% to 50% of newspaper ad revenues, should show an 8% growth rate for 1989 and flatten to 6% in 1990.

Peter Falco

First vice president, Merrill Lynch Capital Markets

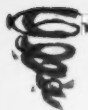
There are no dizzying price increases in Falco's forecast. For calendar year 1990, network television ads will cost 8% to 9% more. With paper costs leveling off for magazines, rates to advertisers should bump up 4.5%, while newspaper prices will rise about 6%.

Falco says newspaper ad revenues for 1989 will come in at 5% and slip to 4.1% for 1990. Magazines will grow 5% this year and back-track to 4.5% next. He's conservative in his assessment of magazines, he says, "because the industry has vastly overstated results. Time Inc., more than 20% of the industry, reported its revenues for the first

quarter were up 4%." He says the industry, on the other hand, "reported Time was up close to 10% and the industry as a whole up 10.5%." He says he puts his trust in Time's leaner figures.

His overall numbers for television show 1989's growth rate at 5.9% and 6.9% in '90. Network tv will be up 2% in 1989 and 6% in 1990; national spot should grow 4% by year's end and 5% next year; Local will post 6.5% and 7% gains in '89 and '90, respectively.

He expects syndicated television to leap forward by 25% in 1989 and 10% next year. "Syndication's jump is a function of some of the new programming product, particularly *Cosby*," he notes. Cable (network and local) will end 1989 with a 26% gain and continue healthy growth next year, with a 15% increase. ■



AS SAATCHI SEES IT

Cautious optimism is guiding the agency's projections for upcoming ad expenditures.

by Betsy Frank,
Senior vice president,
associate director,
media research,
Saatchi & Saatchi
DFS Compton

One year ago, the tone of the article we wrote for this special Media Costs issue could best be described as optimistically cautious: optimistic, because the U.S. economy appeared to be weathering the October 19, 1987 crash better than expected, and recession no longer seemed a real threat for 1988; cautious, since the problems that had contributed to the crash were still with us.

Furthermore, advertisers were continuing their love affair with promotion at the expense of advertising; efficient media alternatives were proliferating; 15-second commercial usage was skyrocketing; and, as we went to press, the "Quadrennial Theory" was proving to be somewhat of a disappointment. On top of all that, Independence Day weekend had come and gone, yet because of uncertainties associated with the Writers Guild of America strike, the network television upfront marketplace was just getting off the ground.

Now, a year later, things are quite different, and we might describe our

tone as cautiously optimistic. We're still cautious, since uncertainty over the economy is continuing to affect advertising growth. Inflation in 1988 was approximately 4%, and while it hit 5.7% in the first quarter of 1989, most analysts now expect that inflation will slow during the rest of the year and that a recession is unlikely any time in the next 12 months. But while this moderation suggests a more optimistic

scenario for the second-half of 1989 and beyond, economists now see very slow economic growth, higher unemployment and a squeeze on corporate profits. All of these factors will make 1989 a challenging year for advertising.

Yet in spite of this, we are clearly more optimistic than a year ago. More marketers now appear to be recognizing the importance of advertising rel-

EXHIBIT I
ADVERTISING REVENUE ESTIMATES (MILLIONS)

	1987	1988	% Change
Television			
* Network	\$ 8,815	\$ 9,580	+ 8.7
Fox	100	150	+ 50.0
Spot	13,681	14,570	+ 6.5
Cable	1,170	1,450	+ 23.9
Syndication	762	901	+ 18.2
Radio			
Network	371	377	+ 1.6
Spot	6,920	7,452	+ 7.7
Magazines	8,158	8,892	+ 9.0
Newspapers	29,412	31,197	+ 6.1
Outdoor	1,329	1,424	+ 7.1
Total Major Media	70,718	75,993	+ 7.5

*ABC/CBS/NBC

Sources:
Network Television: BAR
Spot Television: TVB
Cable: CAB/S&SDFSC
Syndication: ASTA/S&SDFSC

Radio: RAB
Magazines: MPA/S&SDFSC
Newspapers: NAB
Outdoor: IOA

ative to promotion in a competitive and fragmenting consumer marketplace. Perhaps the best example of this "new" mindset is the just-concluded network television upfront selling season. The record-setting \$4 billion committed in prime time alone confirms the fact that while cable and syndication have their value, no medium or promotional opportunity is able to deliver the mass numbers that network television, in spite of audience erosion, still can.

Continuing the argument we presented last year that media inflation is driven above all by media demand, we once again begin our analysis with advertising revenue: what kind of year was 1988?

1988 ADVERTISING REVENUE

Network television (ABC/CBS/NBC) spending totaled \$9.6 billion, up almost 9% from 1987. This may sound like a healthy increase, but remember that in 1984, the previous Olympics/election year, spending on the networks rose by over 20% from 1983. Still, because of the Olympics, ABC and NBC increased their 1988 advertising revenue 13% and 15%, respectively, while CBS actually declined

3%. ABC's share of the three-network revenue pie rose from 30% to 32%, CBS dropped from 32% to 29% and NBC grew from 38% to 39%. During 1988, it is estimated that ad revenue from the fledgling **Fox** network was about \$150 million, less than 2% of the four-network total.

Spot television was up 6.5% to \$14.6 billion, with local growth continuing to outpace national. In fact, 1988 marked the first year that local exceeded national spot. Much of this growth was a result of political advertising — political advertising set a record in 1988, with 83% of the total going to local. Without political advertising, spot spending may well have been flat.

Cable penetration has now reached 55%. During 1988 cable spending approached \$1.5 billion, up almost 25% from 1987 and roughly in line with increased viewing. **Syndication** also enjoyed significant growth in 1988. From virtually nothing in 1980, the market grew to \$900 million last year.

Network radio grew only 1.6% in 1988, almost all of the growth attributable to network radio's biggest advertiser, Sears Roebuck. Spending by Sears was up 28% from 1987, and the

company's 1988 network radio dollars were more than runners-up General Motors and Procter & Gamble combined.

Magazines set a record in 1988, with ad revenues up a strong 9% to \$8.9 billion. **Newspaper** revenues were up 6%.

While hard liquor continued to cut back **outdoor** spending, wine and beer, as well as foods and packaged goods, made up for the loss. In total, outdoor reached \$1.4 billion, up 7%.

ADVERTISING REVENUE 1989-1991

This year's record-setting network television upfront marketplace was significant in a number of ways, but above all because it provided a vote of confidence in the medium:

- After two years of disrupted marketplaces (1987, people meters; 1988, the writers' strike), this year's upfront took place early and quickly.

- While it is generally agreed that prime time was "driven" by the automobile companies, other categories, such as fast-foods and retailers, and other dayparts, including news and late night, also showed strength.

- Fox was a major player in the upfront, writing deals totaling \$300 million. This was especially meaningful given the program-content issue; though a number of "hit list" programs air on Fox, little was heard regarding "boycotts." FBC's strategy of doing business early proved to be a brilliant tactic, locking up dollars for the seller and providing negotiating leverage for the buyer. One can only imagine the impact on pricing this year were Fox not part of the marketplace and that \$300 million had to be spent on ABC, CBS and NBC.

It is clear, then, that upfront advertisers rallied behind the four networks, to the tune of \$4 billion in prime time alone. The question that remains, however, is how much of that money represents scatter dollars being spent upfront because of this year's costly scatter marketplace, and how much is "new money." Since the answer will not begin to surface for almost six months, we have taken a somewhat conservative position, projecting a 3%

EXHIBIT II ADVERTISING REVENUE ESTIMATES (MILLIONS)

	1989	% Change	1990	% Change	1991	% Change
Television						
* Network	\$ 9,867	+ 3.0	\$ 10,262	+ 4.0	\$ 10,672	+ 4.0
Fox	250	+66.7	500	+100.0	900	+80.0
Spot	15,227	+ 4.5	15,914	+ 4.5	16,550	+ 4.0
Cable	1,740	+20.0	2,053	+18.0	2,402	+17.0
Syndication	1,045	+16.0	1,202	+15.0	1,394	+16.0
Radio						
Network	396	+ 5.0	420	+ 6.0	445	+ 6.0
Spot	7,974	+ 7.0	8,532	+ 7.0	9,129	+ 7.0
Magazines	9,470	+ 6.5	10,133	+ 7.0	10,842	+ 7.0
Newspapers	33,224	+ 6.5	33,384	+ 6.5	37,861	+ 7.0
Outdoor	1,538	+ 8.0	1,669	+ 8.5	1,819	+ 9.0
Total Major Media	80,731	+ 6.2	86,069	+ 6.6	92,014	+ 6.9

*ABC CBS NBC

Source: Saatchi & Saatchi DFS Compton

increase for the **networks** in 1989 and 4% in 1990. **Fox**, however, starting from a low base, benefitting from growth among demographically compatible categories and rolling out new nights of programing, could see its revenue double next year.

The 1989 **spot television** picture is also somewhat brighter than originally anticipated, primarily due, as with the networks, to automotive and fast-food advertisers. Also showing growth are motion-picture companies. We are projecting increases of 4.5% for 1989 and 1990, with a higher annual rate for local than national.

The **cable** upfront has yet to begin in earnest, but with more viable networks, more original programing and more viewing, we are optimistic about cable's prospects. We are projecting revenue increases in the range of 17%-20%, with local cable growing faster than national.

This year's syndication upfront saw high levels of sell-out for network-quality prime-time and prime-access series, like *Star Trek — The Next Generation*. Clearly, syndication continues to offer advertisers leverage against the networks by providing attractive alternative programing at a lower-than-network CPM. While potential changes in

network compensation could result in more stations pre-empting the networks for syndicated shows, the re-imposition of syndicated exclusivity could have a negative impact on the value of syndication. We see syndication growing at 15%-16% per year over the next three years.

We are forecasting modest growth for **radio**, with spot growing faster than network. Since the medium is so dependent on the local sector, this forecast assumes local retailers and car dealers will maintain their current levels in the year ahead.

The first quarter of 1989 provided a boost in **magazine** spending. Increases were posted for all of the top categories. Magazine spending is forecast to grow by 6.5%-to-7% annually over the next three years, although much depends on proposed changes in the regulations governing tobacco and alcohol advertising.

Newspapers remain the largest single segment of U.S. ad revenue. With more local competition and the continuing softness in financial advertising, and with classified and real-estate listings so sensitive to economic variables, we are projecting 6%-7% growth over the forecast period.

Finally, based on increases noted for

this year among food and packaged goods advertisers, we see **outdoor** increasing 8%-9% a year over the next three years. In total, then, we see major media increasing by 6.2% in 1989, 6.6% in 1990 and 6.9% in 1991.

CPM INCREASES

As media alternatives become more viable and competitive, we expect CPM increases for most media to be more in line with inflation; this is unlike the early 1980s, when media inflation might be double or even triple the CPI.

Network will represent both the high and low ends of the spectrum. Prime network will command the highest increases and day network the lowest.

SUMMARY

From optimistically cautious to cautiously optimistic in one year is certainly encouraging, although it's too early to break out the champagne. Marketers have not abandoned promotion for advertising; instead, as with advertising, they are learning to use it in a more targeted, less wasteful way. However, there is no denying the generally healthier economic climate and the positive revenue trends of early 1989. It should be an interesting and challenging year. ■

EXHIBIT III
YEARLY PERCENT INCREASES IN CPM

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Broadcast										
Prime Network (HH)	18%	2%	20%	5%	4%	11%	3%	8%	9%	7%
Day Network (HH)	10	7	18	12	6	1	12	3	3	3
Spot TV (HH)	9	8	9	9	6	6	8	5	5	5
Network Radio (A18+)	8	14	9	8	9	6	4	6	6	6
Spot Radio (A18+)	6	8	7	8	6	6	6	6	6	6
Print										
Magazines (Circ)	12	6	7	8	6	6	6	6	7	7
Newspapers (Circ)	16	14	13	10	7	7	6	6	7	7
Outdoor (A18+)	11	8	9	8	6	5	5	5	5	5
CPI	5.1	3.2	4.3	3.5	1.9	3.7	4.1	4.8		

Sources: 1981-1988
Network Television: Nielsen CPM Reports
All other media: S&SDFSC

1989-1991
All media: S&SDFSC

CPI
1981-1988: Bureau of Labor Statistics
1989: S&SDFSC



DRIVE, THEY SAID

Autos are the engine in national broadcast's strength, but other categories are along for the ride.

by Joe Mandese

Finally, a tv season that promises to be a return to "business as usual." The problem is, after several years of major marketplace glitches — ranging from people meters to the Olympics, elections and last year's tv writers' strike — nobody is exactly sure of what "usual" is anymore. "We don't see anything like a writers' strike that could send the market topsy-turvy again," observes Robert Ward, Miller Brewing's director of advertising services. As he handicaps it, "It looks like it is going to be a fairly normal year, if there is such a thing as normal."

If the recent upfront marketplace is any indication, then "normal" means extremely strong demand for network tv time. "It certainly is a return to a typical upfront," notes AT&T corporate broadcast manager Doug Ritter. "There aren't any big events like we've had the past few years. It is simply the law of supply and demand, and demand seems to be very strong."

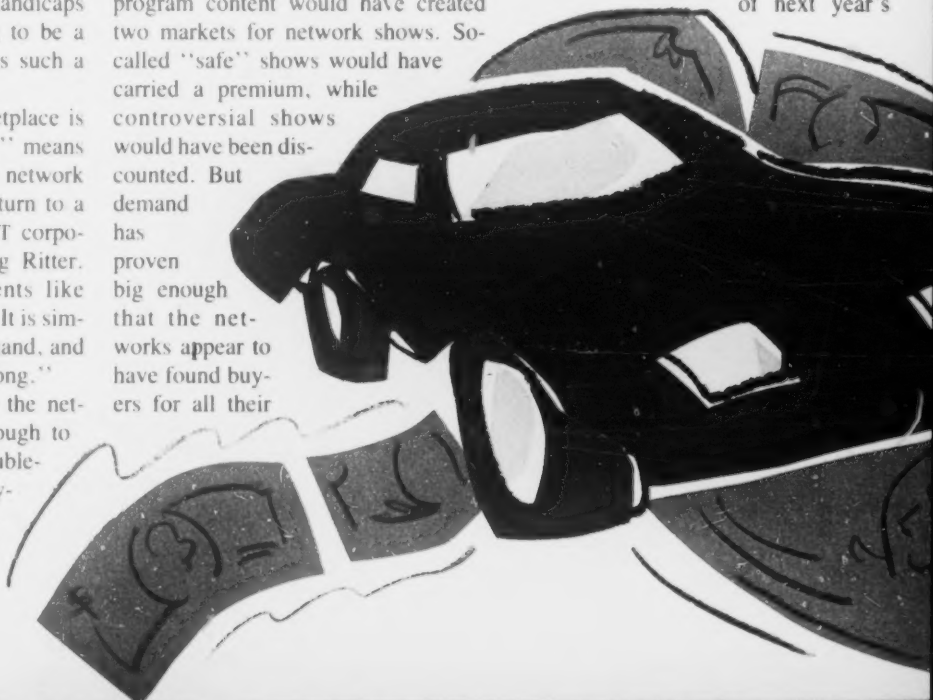
Indeed, buying interest in the network upfront was strong enough to send rate increases into the double-digits for most network dayparts, despite an average audience erosion rate of about 8% coming into this year's season. Prime time, news

and sports have been particularly strong and even network daytime posted modest gains. Moreover, demand was strong enough to nullify the impact of the only potential wildcard in this year's buying season: program content. Although content had been bantered as the "issue of the year," the presence of so much demand has made its impact negligible, according to Ogilvy & Mather's senior vice president and director of national television and programing, Alice Greenberg.

Theoretically, she says concern over program content would have created two markets for network shows. So-called "safe" shows would have carried a premium, while controversial shows would have been discounted. But demand has proven big enough that the networks appear to have found buyers for all their

prime-time fare.

Several factors appear to be contributing to marketers' increased appetite for network time. Jake Keever, ABC's executive vice president of sales, points to the strength of the quarterly scatter markets leading into this year's upfront. According to Keever, scatter prices for daytime averaged 25% over upfront costs, and prime-time scatter buys were "30%-35%" over upfront. As a result, he says, buyers have jumped into this year's upfront to protect themselves from the uncertainties of next year's



scatter pricing.

But NBC's executive vice president of sales and marketing, Bob Blackmore, insists the network boom represents a more fundamental shift. "It's saying something about the economy," he explains, noting that marketers are beginning to release ad budgets following several years of mergers and acquisitions. "People have been buying brands, and those brands have been under-advertised," he says.

"It signals a strong economy," agrees AT&T's Ritter. "If businesses didn't have money, they wouldn't be out there spending it."

Blackmore claims the networks are the first medium to experience this upturn, because of their ability to reach mass audiences. While the networks have had significant audience erosion in recent years, he argues that it is still the best place to build reach. "Everyone else talks in terms of cost per thousands. We are dealing in tens of millions," he notes.

Others agree that network tv is a "safe haven" in uncertain media buying times. "If you look at it from an audience - delivery perspective, there still is nothing for building a national brand like network

television. It's not just a safe haven, it's a smarter haven," says McCann-Erickson national media director Ira Carlin. He adds that myths still cloud the perception of network tv's true value. "I read once again in a newspaper that the networks reach only 65% of American households. That's not true — they have a 65% share. But when push comes to shove, marketers understand that the only way they still have an opportunity to reach 95% of the homes in a given week is with traditional network tv." As O&M's Greenberg puts it, "No matter where you look, it's still pretty hard to get a 12-, 13-, or 14-rating anywhere else."

Regardless of whether there is a fundamental shift in ad spending occurring, there is certainly enough impetus from several key categories, particularly automobiles, to contribute to a banner year for the national tv marketplace. "The single most important

factor to consider in terms of the 1989-90 marketplace is what is likely to happen with the largest ad category — cars — which has been incredibly strong for the last few years," reasons Alan Gottesman, a PaineWebber analyst. "We think that strength will persist," he adds, citing the introduction of several new automotive brands, including Toyota's Lexus, Nissan's Infiniti and General Motors' Saturn. "There are no such things as small car accounts," he notes.

"When you're asking people to



spend \$35,000 on a car like a Nexus or Infiniti, they're not going to pay that just because it goes forward, backward and keeps them out the rain," he says. "It's because the car says a whole lot about the person who drives it. And right now, Lexus and Infiniti don't say anything. They are absolute zeroes, and they convey absolutely no meaning to anybody. That meaning has to be created with a lot of media."

But even if automotive sales begin to wane, as many predict, Gottesman believes it will not have a negative impact on ad spending, because an "expansion of inventory relative to sales" will require auto marketers to maintain ad levels to "sell those damn things."

According to estimates from Chiat/Day/Mojo, automotive spending represents about 25% of this year's upfront. Other estimates say the automotive category now represents at least 15% of all national dollars. To put that figure in perspective, consider this: that number is bigger than the food category spent at its height. Indeed, General Motors reportedly spent nearly half a billion dollars in the upfront.

Coupled with strength from several other key categories, including movies and fast-foods, less dominant upfront players say they are feeling the cost pressure. "Unfortunately for the rest of us, the automotive people, with all their big bucks in the marketplace, have put the squeeze on us," says the media executive for a major national retailer.

While rates are increasing significantly for most dayparts, buyers say they are not uniformly sky-rocketing. "There are some people who are paying 15% and then there are others who are paying 4%," says Chiat/Day/Mojo corporate media director Stacey Lippman. "The market will probably average about 7%-8% increases."

Although the networks are boasting a record \$4 billion upfront, Lippman estimates it will be closer to a "\$3.7 billion to \$3.8 billion" range, "about where it was last year." The Fox network, however, expects to nearly double its upfront sales from the \$100 million it wrote last year to about \$300 million this year. That is partly due to Fox's improved demographic and rat-

ings strength, as well as the fact that it will expand its prime-time inventory nearly 50% with the addition of a Monday night schedule.

Jon Nesvig, Fox senior vice president of sales, says that added prime-time inventory won't necessarily curtail demand for network tv time, because Fox also is increasing network viewing share. "At this point we are bringing rating points back into the network marketplace," he says.

SYNDICATION

Meanwhile, the bullish network marketplace has had some beneficial rub-off on alternative national tv media, including syndication, unwired networks and cable (see cable story). "People peg us to a certain percentage of the networks, so if the networks go up, then we automatically go up on their coat-tails," observes Marc Hirsch, executive vice president of In-

cators have begun using their strong shows to move the weaker ones. "The good syndicators are trying to package the less desirable programing with the more desirable shows."

Mike Weiden, president of TV Horizons, the barter sales arm of LBS, insists there is nothing unorthodox about that practice. "It's funny. Some clients are fine about packaging shows in syndication and others don't want to. Yet they package network buys, so we wonder what the problem is."

Weiden concurs that there is a wide range of pricing among the syndicated fare, but estimates that the average range of price increases is "5%-8%."

SPOT

While the network marketplace is experiencing go-go growth, the national spot marketplace has been relatively flat. The only real activity has come in a few scattered markets, mostly on the

TOP 10 NETWORK TELEVISION ADVERTISERS—1988

FIRST QUARTER 1989

Advertiser	1988 (000)	Jan/Mar 1988 (000)	Jan/Mar 1989 (000)	% Change
General Motors Corp.	443,402.3	81,452.5	110,007.6	35.1
Philip Morris Companies, Inc.	388,601.8	87,177.4	81,018.9	-7.1
Procter & Gamble Co.	370,174.7	93,161.7	96,864.7	4.0
Kellogg Co.	297,739.8	60,986.0	70,342.7	15.3
McDonalds Corp.	245,388.5	45,161.3	60,157.3	33.2
Anheuser-Busch Cos. Inc.	207,277.9	57,751.4	44,289.2	-23.3
Unilever N.V.	189,651.5	56,869.9	50,115.4	-11.9
Ford Motor Co.	175,687.8	44,622.6	50,925.4	14.1
RJR Nabisco Inc.	174,002.4	50,415.9	36,062.8	-28.5
AT&T	173,912.3	47,789.4	34,878.8	-27.0

Source: Arbitron's Broadcast Advertisers Report

ternational Advertising Sales.

While syndication has begun to soften in the eyes of some advertisers, Hirsch notes that new players are coming into the syndication marketplace, particularly domestic and imported cars. Coca-Cola national media director John Drollinger notes, however, that there is a wide range of syndicated product commanding a similar range of demand. As a result, he says syndi-

East and West Coasts.

"I don't see any direct correlation between the network and spot marketplaces," says AT&T's Ritter, noting that spot rate increases should remain moderate. He adds that if any spillover in spending from national categories occurs, it won't happen until later in the year. "People don't buy spot this far in advance, so there's no buying frenzy out there like network."

Far from a frenzy, buyers say stations were so concerned about advertising demand in the 1989-90 marketplace that they committed much of their inventory to unwired network buys. In general, stations have been concentrating their efforts on local sales development.

"National business is not healthy, so

if you're not a station that has a good local market you're going to be in more trouble than ever before," notes Peggy Green, executive vice president and director of broadcasting of Saatchi & Saatchi DFS Compton.

Green points out, however, that as a result of these commitments, many stations may have to reduce their avail-

able inventory to the point that if national demand should pick up, rates will escalate significantly.

Moreover, D'Arcy Masius Benton & Bowles senior vice president, director of regional spot broadcasting, Sharon Lalik predicts there could be an upturn in spot demand later in the year as the automotive category turns its attention to local dealer support and incentive advertising programs.

"We see automotive coming back next year, and we think movies and restaurants will be strong," she says. "Spot probably won't get to where it used to be in 1977 or 1978, when it got double-digit rates, but there may be an improvement in demand."

McCann-Erickson senior vice president, director of local broadcasting, Laura Silton says it is unlikely that automotive demand could increase much more than it already has, however. "Stations have more automotive business than they know what to do with," she explains. "We're seeing two cars per break in late news, so you know there's still a lot of automotive money out there. But thank God. Otherwise, where would the stations be?" ■

TOP 10 SPOT TELEVISION ADVERTISERS—1988

FIRST QUARTER 1989

Advertiser	1988 (000)	Jan-Mar 1988 (000)	Jan-Mar 1989 (000)	% Change
PepsiCo Inc.	\$431,248.8	\$ 57,093.9	\$ 51,764.8	- 9.3
Procter & Gamble Co.	813,014.2	63,677.6	55,812.2	-12.4
General Motors Corp. Dealers Assn.	220,596.1	41,365.9	66,792.9	61.5
Philip Morris Cos. Inc.	1,091,799.8	33,510.5	38,983.2	16.3
General Mills Inc.	358,846.1	34,926.3	32,018.4	- 8.3
McDonalds Corp.	401,003.0	28,013.1	28,790.1	2.8
General Motors Corp.	905,061.2	36,206.8	21,968.0	-39.3
Chrysler Corp. Dealers Assn.	113,647.9	11,465.7	12,328.8	7.5
Ford Auto Dealers Assn.	140,115.6	23,597.3	25,725.9	9.0
Pillsbury Co.	229,637.2	262.8	865.0	229.1

Source: Arbitron's Broadcast Advertisers Report

A CONVERSATION WITH ROBERT WARD

Robert Ward is director of advertising services at the Miller Brewing Co. In June, he oversaw a meeting in Chicago between advertisers and network and independent tv station executives to discuss the changing roles between advertisers and broadcasters, dubbed, "The Meeting of the Minds."

On the purpose of the meeting: "The first topic was improving the communications environment, including clutter and program content. The second topic was a better understanding of value-added advertising. What is it and how can advertisers participate in it and how can stations execute it. The third topic was marketing tv beyond the numbers and CPMs. The fourth topic was building relationships for the 1990s."

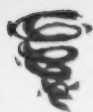


On value-added marketing: "The problem with the current CARS — that is Client to Agency to Rep to Station — structure is that it is not really set up to accommodate value-

added marketing, because the buyer's reward system is set up on delivery of GRPs. So if we are going to continue to have agencies involved, then the buyer's reward has to be more than just how many GRPs they can buy."

On the value-added impact on tv costs: "Most advertisers said they were willing to pay some kind of premium, as long as it wasn't exorbitant. Now, that's an awfully gray area."

On the outcome of the meeting: "I don't suspect that anything is going to happen overnight, but as a first step, we identified that there is an opportunity for change developing in the early 1990s that the current CARS structure really isn't set up to accommodate."



FLEXED FOR SUCCESS

The one thing buyers and sellers agree on is cable is strong and getting stronger.

by Frank DiGiacomo

Cassandra Reese is having herself a good laugh. "You've been listening to those cable network guys," says the Chicago-based manager of consolidated brand purchasing for Kraft Foods. "There's not going to be an upfront, anymore than there's been one before." Agrees Bart McHugh, senior vice president and director of national radio and tv programing at DDB Needham: "What is the point of this upfront shtick? To my knowledge, it's not happening and I don't think it's going to."

That's news to John Silvestri, a senior vice president of advertising sales for USA Network. According to his reckoning, by late last June, he had "10-to-12 major 52-week pieces of business" in the works. Last year, he remembers, the market didn't start moving until after the fourth of July.

Silvestri is not the only one claiming upfront business. Both Dick Hammer, managing director of advertising sales for The Family Channel, and Larry Divney, vice president of advertising sales for Arts & Entertainment Network, confirm that there are a lot of long-term ad plans clicking at around the same time.

In the cable sales community, the brouhaha over the emergence of a true

upfront market threatens to reach the intensity of, say, the debate over Elvis' continued existence on this planet. Madison Avenue buyers say cable's upfront consists of calendar-year buys, not August-through-September purchases.

Declares Silvestri, "They can call it whatever they want,

and we can call it whatever we want. The fact is, the cable market is moving much sooner than it has in past years. And there seems to be more money out there at an earlier stage."

A lot of money. Some \$400 million, according to the Cabletelevision Advertising Bureau's estimate — which makes it about a 100% increase over last year's non-scatter buys. A good portion of those dollars are coming from free-spending automotive companies that, at press time, had



dumped \$600 million into the upfront market for network broadcast prime.

Upfront or no, advertisers are spending on cable. To entice advertisers, the industry has worked hard to increase penetration, program quality and the number of original productions. "Cable is more of a mainstream buy," says Bob Igiel, senior vice president and director of programing for N W Ayer. "Cable numbers have increased and so

then price-driven. Advertisers know the inventory is going to be there. They may get locked out of certain programs, but they're not going to get locked out of cable."

Cable's ability to jack up CPMs and have a truly panic-filled upfront is also limited by its reach, says Jon Mandel, vice president and director of national broadcast for Grey Advertising. "While the ratings and demos are good

20% for its programing on an average CPM of \$6 (that's factoring in all of ESPN's programing). Its NFL games and NFL support programing were almost sold out, as were its PAC 10, Big East and Big 10 college football contests and its Big East basketball tournament. Bonanni says advertising by auto manufacturers was up 25%.

The Family Channel's Hammer predicts a modest 5%-8% rise in CPMs because of the large amount of inventory available. He adds, however, that "in all of the upfront deals we're negotiating, I'm excluding our originally produced programing and selling it à la carte. We have to sell that at premium prices."

As an example, Hammer says that, earlier in the year, he got a \$4.40 household CPM for *Mother's Day*, a Family Channel world-premiere movie that ran on, you guessed it, *Mother's Day*. "Our prime time regularly goes for a \$2.75-3.75 non-exclusive, household," he explains. "That's a 35% premium."

Interestingly, Hammer explains that premium CPMs won't extend to Family Channel's new Funday weekday block of kids' programing. "Kids is entirely different. Our participation has got to be marketplace driven. We're getting lower CPMs than what we thought we'd get, but TBS, USA and Nickelodeon establish the marketplace."

USA Network is "pretty tight," according to Silvestri. "We're sold out in several quarters." He sees an 8%-10% overall increase in CPMs, but adds that "I've sold our world-premiere movies in third-quarter scatter at a 25% premium." Unlike Family Channel, USA is including its world-premiere films in upfront packages. "We're getting 20%-25% premiums, but the movies are doing big numbers: a 4.6 season to date [household rating], compared to our usual prime-time average of 2.2."

The two-tiered effect can even be found at the more narrowly targeted A&E. At press time, Divney said he had already made some automotive deals and fielded several inquiries from other additional automotive advertisers, credit-card and travel concerns.

TOP 10 CABLE ADVERTISERS— 1988

FIRST QUARTER 1989

Advertiser	1988 (000)	Jan/Mar 1988 (000)	Jan/Mar 1989 (000)	% Change
Procter & Gamble Co.	\$30,201.5	\$6,765.9	\$8,073.3	19.3
Philip Morris Cos. Inc.	23,075.1	5,216.4	5,204.8	- 0.2
Anheuser-Busch Cos. Inc.	21,396.7	3,992.3	4,901.8	22.8
Time Inc.	21,150.8	5,848.1	8,293.7	41.8
General Mills Inc.	20,010.6	4,688.5	5,088.0	8.5
RJR Nabisco Inc.	1,425.9	3,308.5	5,006.9	51.3
Eastman Kodak Co.	11,386.5	2,991.6	2,592.8	-13.3
Clorox Co.	10,125.6	1,714.3	2,006.0	17.0
Mars Inc.	9,994.7	2,792.7	4,554.3	63.1
Chrysler Corp.	9,699.9	2,762.4	2,719.3	-1.6

Source: Arbitron's Broadcasts Reports

have our cable buys for clients."

CPMs are up, but double-digit increases will be limited to a select group of programs. "I don't think CPMs, overall, will go into the double digits," says Silvestri. "There's just too many players out there in cable land. If there were only three guys we'd be able to control the market. But when you've got 15 services selling cable, there's a ton of inventory."

Hammer opines that the abundance of cable ad time is also a reason for the industry's inability to have a true upfront selling season à la the Big Three. "In the last year we've seen CNBC enter the scene, TNT and the announcement of two comedy channels," he lists. "As long as the inventory base continues to grow, it will be hard to get advertisers and agencies scared."

As a result, adds A&E's Divney, cable's upfront season "is more product-

on given programs, cable is still not a big reach vehicle. It's still not needed; it's nice to have."

An informal survey of clients, agencies and cable networks reveals a two-tiered, programing-driven advertising marketplace. The second tier, which contains the lion's share of cable programing, will see CPM increases of 5%-8%.

A much smaller first tier, which contains such unique, in-demand programing as ESPN's NFL football games, CNN News, Turner's *National Geographic* series and prime-time first-run movies on USA, Turner's services and Family Channel, will command much loftier increases, ranging from 10% to as much as 35%. These are the shows that will sell out.

At press time, ESPN's Bonanni reported that the sports channel was getting CPM increases between 8% and

This early interest, plus a limited amount of arts and entertainment fare on the networks, has driven healthy CPM increases at A&E, especially for the channel's documentaries, performing arts and comedy fare.

Naturally, Madison Avenue takes a far more jaundiced view of such cable claims. Even if advertisers and agencies do agree that a two-tier CPM structure exists, they peg the spread at much smaller numbers.

"For now, the cable networks believe the PR they've been setting down," says Kraft's Reese. "But the real world will set in and the value of cable will be the same as it has been. They will not get the double-digit increases they've been forecasting."

While Reese first forecasts 3%-4% increases, she too will admit, "I have a dream world also. [Increases] will probably settle somewhere in the mid-to-high-level single digits."

Like Reese, DDB Needham's McHugh says he won't buy cable nets at a 12% increase. "Every time something becomes more expensive, we go look for something else to replace it with," he says. "Because cable has so many entities, we find them."

McHugh declines to give a CPM

range, but Steve Sacchet, a DDB Needham network program supervisor who handles the Universal Studios and Michelin accounts, places increases at 6%-10%, with certain first-tier products such as ESPN's NFL and prime-time college football going at premiums of 15%-20%.

Grey's Mandel is one who's a bit skeptical about the two-tier pricing. "If you look at it that way, you're dealing with it too rationally," says the executive. "I don't think the cable nets have figured out their worth."

He recalls the example of two of his clients who, in separate deals with a certain network, attempted to make virtually identical buys. "For one advertiser, the service was asking a 50% CPM increase. For the other, the CPMs were flat — for the same programming. Where's the logic in that?"

Although he declined to estimate CPM increases this year, Mandel did say that cable nets "perception and reality are a little out of kilter" when it comes to CPM pricing. "They'll tell you their ratings are up 33%, and therefore, they want a similar CPM increase," he says. "Well, going from a 0.3 to a 0.4 rating is about a 33% increase, but it's still only a 0.4."

If cable continues to seek "exorbitant" CPM increases, Mandel says, "they're liable to kill the golden goose before it lays any eggs."

One agency that had completed its cable buying even before the networks had priced their upfront inventory was Chiat/Day/Mojo, which represents Nissan. "We felt the timing was right," says Stacey Lippman, senior vice president and corporate media director.

He claims Chiat/Day/Mojo was able to keep CPM increases down to 2%-3%, "4%-5% if programs were cherry-picked," in part because the agency's supervisors do the buying instead of the junior buyers. "We may beat up on the cable guys a little more than most," he says, "but it's also an indication of how seriously we take the medium."

Indeed, although cable continues to be, in the words of Lippman, a "buyer's delight," if projections on the industry's growth come true, the buying of cable time may become more of a horse race. By 1995, J. Walter Thompson predicts that cable penetration will top 65%. Combined cable viewing rose three share points in 1988 to an 18, and the agency predicts it will gain five more share points in the next six years.

A CONVERSATION WITH BART MCHUGH

Bart McHugh is a senior vice president and director of national radio and tv programming, DDB Needham, New York.

On cable upfront: "We've been buying cable tv on a calendar basis — January through December. That's as much of an upfront as September through August. Why all of a sudden does it have to be September through August for cable? How do we do five or six dayparts in broadcast network, radio and cable network at the same time? Nobody can do it."

On value-added promotions: "Buyers have to remember to ask, 'What are you going to do for me?' The broadcast networks have been



putting aside between one-half and one percent of the gross of a package for merchandising and promotion since the beginning of the history of network tv. In less than 10% of the

deals they made did people ask for something extra."

On media mix formulas: "Everybody's got formulas. I'm going to regret saying this, but not that many people pay attention to those formulas. For the most part, cable budgets are established by people saying, 'That's a nice number.'"

On cable's reach: "Cable is never going to be as big as broadcast. The industry as a whole may be, but when we go out and make a cable buy, we're not buying the industry, we're buying *x* programs on *x* networks. Never will cable equal the reach of broadcasting. Then again, I could be wrong."

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McHugh adds, "A couple of years ago, it was just the business/financial shows that advertisers were lining up for. Now it's the business shows, colorized movies, NFL on ESPN and series on A&E and The Discovery Channel. Every year there's something that people are discovering, and it makes cable tighter, more valuable and expensive."

Determining how much of a budget to allocate to cable spending is a more nebulous issue than determining what shows to buy. It's also an issue that buyers are very good at sidestepping. Lippman, for example, says that Nissan placed more money in cable this year over last year, but won't say by how much.

According to Reese, each one of Kraft's brands is put through a volumetrics evaluation to determine the need for cable advertising. DDB Needham has a program called SmartMix that says, "Unlike what everyone thought, you can spend up to 35% of your budget in cable and still get the best reach and frequency possible," reports McHugh. "Does that mean everybody we have as a client in New York and Chicago is going to put 30%-35% of their budget in cable? No way, Charlie Brown."

If there was a unique selling point of cable that distinguished it from other forms of national advertising, it was the basic services' willingness to participate in value-added promotions. Cable executives are beginning to find that the industry's reputation in this area is a bit of a double-edged sword, however. With so many calls for value-added deals, cable is finding the cost of doing business spiraling. As Hammer describes it, when the Family Channel agrees to wrap a vignette around an advertiser's message, for example, "the out-of-pocket cost is nominal. However, the absorption of another 30-second position on our traffic board to accommodate the vignette is substantial." (Company guidelines prevent Hammer from taking the 30-seconds out of the promotion time.) "The advertiser receives value that's virtually double the cost of what he's paying," says Hammer.

To offset that cost, Hammer tries to run the vignettes in dayparts in which there is an abundance of inventory, but he maintains, "Ultimately, we've got to find a way to pay for value-added services, possibly through direct pricing agreements with advertisers. We'll guarantee the audience for that value-added portion if they buy, but we'll bill them for those services."

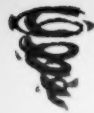
Naturally, McHugh doesn't cotton to that proposal. "No way — value-added will not get added to cost. That's what makes it value-added."

Adds Reese, "Once you give it to me, taking it away is even worse. If you've always done vignettes for me and now you want to get a 2%-3% CPM increase and you don't want to give me a vignette, you are taking something away from me."

If any marketplace factors other than savvy buyers and an abundance of inventory are holding cable CPMs to modest increases, there are cable operators who are balking at basic networks' attempts to raise per-sub fees. (Just such an increase was behind Jones Intercable's decision to throw USA Network off its systems earlier this year.) Although none of the cable ad execs admitted that they set CPMs with operators in mind, Family Channel's Hammer recounts how he was told by management to temper his enthusiasm over revenue growth when he talked to the trade press lest the operators "resist increases in the sub fee area."

Generally, the cable programming industry is making a major effort to appear cooperative with everyone. Cable wants to please operators, advertisers and viewers because, right now, it's the underdog, and the underdog has to try harder. "You can talk to cable networks anytime about doing [long-term] business," says Kraft's Reese.

That's one of the reasons why Reese scoffs at the idea of a cable upfront. "I don't think there's that sense of emergency yet," says Reese. "That's the only thing that will put them in the position to say, 'The market is moving. If you don't jump in right now, you won't get anything.' Until that happens," she says, "I'll continue to ask, 'What upfront?'" ■



MINI-BOOM FOR THE BOX

Sellers are whistling a happy tune, and the strong broadcast market should keep them on key.

by Emily DeNitto
and Joe Mandese

Following a few soft years of flattened growth, demand for radio ad time appears to be gliding toward the upper end of the dial. Coming off modest 1988 gains, national radio ad expenditures have been posting double-digit increases and are expected to maintain those levels into 1990. The reasons for this turnabout are many and include radio's relative value over other media and the tightness of the network tv marketplace.

Moreover, stability in radio listening levels, improvements in programing and a relatively less cluttered advertising environment than television have many referring to "the New Golden Age of Radio." "Our medium has already gone through its mid-life crisis," says Bob McCurdy, vice president and general sales manager of Katz Radio. "We've been competing tooth and nail for years, but now tv and others may be going through their mid-life crises."

Be that as it may, radio certainly appears to have caught a second wind. After closing out 1988 with gains of only 3%, to \$388 million, network radio sales were up about 12% through May 1989. That's a considerable jump over the 4.5% increase the Radio Ad-



vertising Bureau (RAB) had originally projected for network radio last December.

National spot sales, which rose 6.6% to \$1.4 billion in 1988, meanwhile, are posting 1989 gains of 14.2%.

Only local radio sales, which rose 9% to \$6.1 billion in 1988, have failed to keep pace with last year. Through April 1989, however, local sales still

were showing a respectable 7.1% gain. Moreover, local is expected to strengthen later in the year, according to RAB senior vice president of research Bob Galen. "I expect local to pick up," he says. "We have a good chance of hitting double-digit increases overall for the year."

He notes that local expenditures may have been affected by consolidation within several key local ad categories. "Local seems to be soft, but that's probably due to the mergers that have happened," Galen explains. "Every

time you merge two banks, you have one less bank to advertise."

While local sales are expected to pick up down the road, many stations are experiencing pressure from management to increase sales revenues to help pay for expensive programming and promotions, as well as to help pay down debt from station acquisitions.

"The amount of revenues that these guys need to earn in order to continue servicing their debt is affecting pricing," observes Kenneth Bielicki, media director at Gray, Kirk & Evans, Baltimore. He adds that these sales pressures are compounded by the fact that retail advertisers — the largest local category — increasingly are shifting their ad budgets into tv or are paring them down in favor of price promotions.

With much of their local sales base in disarray, Bielicki says stations are becoming doubly aggressive about

trying to slide in a lot of this programming, because they feel it's worth more money. And maybe it is, but I don't feel it is worth double the daypart norm," says Michaelson.

While national spot performance varies by market and by stations within each market, there appears to be strong demand from several key categories. According to RAB analysis of first-quarter (normally accounting for about 20% of the year's total) data from Radio Expenditures Reports, the food category rose 29.2%, from \$59 million in 1988 to \$76.2 million in 1989. Likewise, the automotive category increased 22.2%, from \$36.9 million to \$45.1 million; consumer/financial services rose 8.8%, from \$18.1 million to \$19.7 million; publishing/media jumped 42.6%, from \$11.5 million to \$16.4 million; and agricultural spending went up 101.5%, from \$6.9 million to \$13.9 million.

think costs per points will go up that much," says Katz's McCurdy. "The better-rated stations will get away with price increases — L.A.'s going bonkers, and there are others — but most won't be able to raise prices too much."

Bennett A. Zier, vice president and director of sales for CBS Radio Representatives, notes the strength of spot sales in '89, but adds, "I don't want to create any false expectations for the future. The second half of the year should slow down. Until the economy overall goes up, there won't be any great movement to raise spot prices."

Chris Brodie, vice president and associate media director, Lowe Marshalk/NY, says she expects 6%-8% increases in the buys she makes for Coke and Columbo Frozen Yogurt.

"There really aren't a lot of outside forces at work on the radio market next year," notes Grey Advertising vice president and assistant media director Joanne Taub. "We don't have a major political election, nor do we have the Olympics." However, she adds, "Because radio has had such high increases this year, one would think it would continue."

Indeed, most radio buyers agree that if there is one variable that will keep the market strong, it is the strength of the bellwether medium: network tv. While there isn't necessarily a direct correlation between tv and radio budgets, a tight tv market theoretically could have a trickle down impact on radio budgets, especially for network.

"Just seeing what's going on in network tv, you get a sense of what people are doing nationally," says GK&E's Bielicki. "Advertisers are flush these days," adds BBDO Worldwide network radio manager Pete Harrington.

Most network radio buyers agree that the bullish tv marketplace should provide strong support for network radio. However, it could also prove to be a bust if radio advertisers merely are shifting money into tv. "It could also be true that all the money is already spent and there isn't any left for radio. I can't really say which perspective is more valid," says Les Goldberg, president of Interep.

TOP 10 NETWORK RADIO ADVERTISERS— 1988

FIRST QUARTER 1989

Advertiser	1988 (000)	Jan/Mar 1988 (000)	Jan/Mar 1989 (000)	% Change
Sears Roebuck & Co.	\$67,612.4	\$11,335.9	\$14,677.9	29.5
General Motors Corp.	38,254.9	7,302.0	8,494.9	16.3
Procter & Gamble Co.	25,533.7	6,221.0	6,941.9	11.6
Bayer AG	18,701.4	5,761.3	2,194.3	-61.9
Campbell Soup Co.	18,571.6	8,961.1	4,111.4	-54.1
Cotter & Co.	18,283.6	3,524.4	3,160.3	-10.3
Warner-Lambert Co.	16,916.4	4,524.2	3,044.7	-32.7
Anheuser-Busch Cos. Inc.	15,391.3	4,269.7	1,790.3	-58.1
US Government	14,706.1	3,268.4	4,910.6	50.2
AT&T Co.	12,310.7	4,473.6	2,546.6	-40.8

Source: Arbitron's Broadcast Advertisers Report

their national rates. Saatchi & Saatchi DFS Compton vice president and associate buying director Sandra Michaelson agrees. "Stations are experiencing a tremendous amount of cost pressures, which we are beginning to feel," she says. This often manifests itself in a push for more expensive long-form programming, which normally commands much higher rates than a station's normal fare. "They're

These gains have been offset by first-quarter declines in several key categories, including travel (-7.1% to \$34 million), communications (-25.7% to \$12.7 million), alcohol (-10.1% to \$12.5 million) and national retail stores (-32.0% to \$10 million). Drug products were flat at about \$10.1 million.

While the current spot market appears healthy, buyers don't anticipate huge increases next year. "I don't

"It could be that people who might have used network radio heavily in the past are using more network tv," explains Bielicki. He points out that national retailers — the largest network radio category — have been very aggressive in tv's upfront market.

If that proves to be the case, it could have a detrimental effect on the network radio market in 1990. It has shown no impact to date, however. According to an analysis of first-quarter LNA/BAR data by the RAB, the retail category increased its network radio expenditures 20.9%, from \$17.2 million in 1988 to \$20.8 million in 1989.

The performance of other key categories is a mixed bag, however. Automotive (+56.3% to \$18.6 million), business/consumer services (+17.9% to \$17.1 million) and travel (+15.4% to \$12.0 million) were all up significantly, but food (-10.4% to \$17.3 million) and drug products (-41.4% to 13.9%) were down.

Still, these major category statistics do not necessarily reflect the momentum of specific advertisers that either entered or significantly increased their

spending on network radio in the past year. Attracted by an increase in young 12-34-year-old demos garnered by CHR (Contemporary Hit Radio) and urban radio formats, such advertisers as Hershey's, Warner Lambert, Levi's, Domino's Pizza and the branches of the U.S. armed forces have recently made major commitments.

Moreover, upticks in young women listeners are increasing demand among female categories, such as cosmetics and feminine hygiene.

What does all this mean for network radio prices next year? "My gut feeling about broadcast, at least on the network level, is that they're all feeling a little more aggressive," says Mike Walsh, senior vice president, media director, Ketchum Advertising/Pittsburgh.

He's right. With the figures for '89 to back them up, most network people are predicting "nice increases." Trish Healy, director of sales planning for the ABC Radio Networks, went so far as to predict a 10% increase in prices. Westwood One director of sales Greg Batusic is taking a "wait and see approach. If it continues to be a healthy

market, increased demand will mean increased prices."

However, other network people are a bit more cautious. "I don't see any significant increases," says CBS vice president of sales Steve Youlios, who predicts prices will rise 5%-6% in '90. "If a medium gets cocky, it will lose people. Increases won't be flat in terms of CPMs for '90, but I don't think the medium will be so foolish as to increase like crazy," he says.

As might be expected, agencies echo the sentiment. "Let's not use a banner year to raise prices too high," says Dennis McGuire, radio supervisor at N W Ayer/NY. "The only constant in this business is change. By aggressively pricing inventory for '90, they could end up scaring people away."

Ketchum's Walsh says, "I expect price increases around 10%. Certainly there will be some clients who will pay it, but a lot of clients will look seriously to alternatives. Hopefully there will be compromises in timing. I don't think high increases will go across all time periods, everyday. We just have to be light on our feet this year." ■

A CONVERSATION WITH JUDY JORDAN

Judy Jordan is assistant vice president of advertising and sales promotion for Delta Airlines.

On radio's benefits: "No other medium can conjure up mental images as well as radio can. Sometimes it seems that radio can 'picture' a product or service to the mind's eye better than print or television. It involves the audience like nothing else. If you think I'm exaggerating, listen to some of the people who phone in to radio talk shows."

On radio's challenges: "One of the most serious is this: Much of the audience is listening with half a mind. Radio listeners are often doing something else at the same time — driving a car, reading a newspaper or driving a car and reading a newspaper. So



the big challenge for the advertiser is to hold that listener's attention."

On possible radio advertising price increases in '90: "Everybody has an increased cost of doing busi-

ness. We still see the value of radio and have no intention of abandoning it, although something like a 10% increase is a bit high. But we're kind of a captive audience, you know."

On the National Association of Attorneys General advertising regulations (which mandate that every condition of sale be listed in an ad that mentions ticket prices): "At Delta, we're actually using radio less than we did a short time ago. This is unfortunate, but the NAAG has attempted to regulate our radio commercials to an extent that makes it difficult, to say the least. We've found radio to be the best medium for introductory fare ads — they're easy to record, quick, etc. But this most expedient means of talking about fares is no longer usable."



BUYER TO SELLER: YOUR MOVE

Publishers are introducing their rates carefully under intense scrutiny by buyers.

by Rebecca Fannin

Communications may be their business, but when it comes to consumer magazines, buyers and sellers don't seem to be speaking the same language lately. What clients want from their agencies, what the agencies expect from publishers and what publishers want to sell all seem to be going in different directions. One of the few words they use in common is "value," but it's defined differently by each.

To budget-squeezing advertisers, value often translates as the lowest price. Agencies, looking to underscore their strategic value as well as their clout, judge value not by price alone, but by impact, and they are putting the pressure on publishers to give more and more extras for each ad dollar. Publishers, meanwhile, find the quality and marketing value of their titles and audiences can take second place to discounts and expensive bells and whistles. Naturally, in this environment, when the issue of price increases pops up, so do the blood pressures of everyone involved.

This year promises to be no exception. The fragmented media marketplace, tight ad budgets, fierce competition within the medium and the inroads into print made by sales promotion all seemed to set the stage for

modest increases to keep a competitive edge. But as publishers see their income eroded by discounts, added-value costs and big jumps in the prices of sub sales, printing, postage and paper, they apparently feel it's time to catch up. They're planning on increases in the 8% range, a rate that exceeds the 6% jump in 1989.

Publishers say they're still recovering from 1988. Paper mills increased prices twice during 1988, by 4.5% in January and by 4.8% in July. A 5% jump this year was rescinded after pressure from buyers, according to *Pulp & Paper Weekly*. The magazine estimates paper will only rise by 3% next year. As for postage, it isn't expected to go up again until 1991, though Robert Farley, senior vice president at the Magazine Publishers of America, foresees a 20% hike at that time. And in 1988, second-class postage jumped by 18% and third-class, used for circulation drives, was up 25%.

Buyers remain unimpressed. "The impact that postage and paper costs have on the bottom line has been seriously exaggerated," says Nancy Smith, senior vice president and director of media services at Young & Rubicam. Despite their own inflationary cost pressures, "our clients don't raise their products' costs every January," she points out.

Some view the bullish hikes as in-

surance against the new public negotiating stance of the major agencies. "We will be negotiating smarter this year because we have real print specialists asking questions," says Smith. "The discussions will be real tough," she warns. "We don't want any increases that exceed real overhead."

The costs of publishing, however, have consistently outpaced the Consumer Price Index (see chart, pg. 74), and publishers' ability to cover these increases has been dramatically undercut by the agencies' aggressive negotiating abilities.

At Grey Advertising Inc., which recently set up a print unit, Paul DuCharme, vice president, director of print media, says he has slides showing that the agency can beat the substantial volume discounts offered to corporations with multi-agencies. Smith at Y&R says she tracks her new negotiating committee's performance daily. "There's no question about it," she says. "We know the rates we are getting are absolutely better" than before Y&R established the committee. But she declines to say how much larger the savings are. And at Kraft General Foods, which is a heavy magazine advertiser, Bill Landgraf, manager of media development, says advertising savings are in the high teens for women's service books.

Each deal is a new deal, and dis-

counts are earned in many ways, ranging from multi-year contracts and first-time ad rates to special discounts for new advertising categories. Once contained among the competitive women's service field, most buyers and sellers report that the discounting, both on and off the card, is now widespread in every group.

Condé Nast, one of the last hold-outs and a pioneer in creating package buys to meet the demands for efficiency, has recently printed a new rate card with additional discounts. It offers advertisers volume discounts on the company's individual women's titles, *Vogue*, *Mademoiselle*, *Glamour* and *Self*. The reduction ranges from 4% for three pages in one of the books to 20% for 48 pages. Previously, advertisers could only get a volume discount by placing pages in all four magazines or in combination with *Bride's* magazine. "The market is changing, and we realize that advertisers want to mix and match titles differently," says Joe Fuchs, executive

vice president at Condé Nast Publications. "This is a major change for us."

Condé Nast's package allowances, which have been available since 1960, were also increased slightly last year. Buyers believe the policy change was necessary to avoid hurting revenues in a super-heated marketplace. "The fashion niche is more competitive than ever," points out DuCharme at Grey Advertising.

Advertisers and agencies, which believed they held the edge in such an environment, are annoyed by publishers' planned increases. "It was naive of me to continue hoping that the competitive nature of the magazine business would lower ad rates," says Dan Pearson, media director at RJR/Nabisco Inc., which buys magazines in-house and ranks as the third-largest spender in the medium. At another large supporter, Kraft

General Foods, Landgraf says, "It's somewhat disconcerting that increases are higher than we anticipated. There doesn't seem to be an observable cause, like greater circulation, improved paper stock or editorial."

Some buyers accuse the magazine publishers of behaving like car dealers, who jack up stickers to a false level only to allow room for haggling. "Padding is the reason we're seeing such high increases," notes DuCharme, "but it might be more rational to offer better rates in the first place to avoid this step."

The buyers also resent publishers' efforts to soften the blow by introducing rate hikes in stages, such as twice annually in smaller doses. According to DuCharme, 18 magazines have increased rates unexpectedly during the third quarter of this year. "About eight to ten of these are pure rate increases and the others are increases to the rate base," he notes. "The rate-base increases didn't change the cost per thousand," acknowledges DuCharme, "but it's the out-of-pocket costs that concerns us." He explains that clients hadn't budgeted for the increase and



TOP 10 CONSUMER MAGAZINE ADVERTISERS— 1988

FIRST QUARTER 1989

Advertiser	1988 (000)	Jan/Mar 1988 (000)	Jan/Mar 1989 (000)	% Change
Pepsi-Cola Bottling Co.	\$1,091,799.8	\$56,327.5	\$68,832.3	22.2
General Motors Corp.	905,061.2	48,182.2	62,089.4	28.9
RJR Nabisco Inc.	457,735.3	28,277.1	41,150.8	45.5
Ford Motor Co.	420,540.0	28,200.1	41,478.8	47.1
Chrysler Corp.	349,510.5	41,443.9	30,799.6	-25.7
Procter & Gamble Co.	813,014.2	24,206.6	18,336.1	-24.3
AT&T Co.	341,320.4	11,292.5	16,067.3	42.3
Time Inc.	164,694.3	18,687.9	21,037.7	12.6
Nestle SA	299,929.1	12,818.2	17,370.5	35.5
Unilever N.V.	362,948.2	14,386.3	14,749.3	2.5

Source: Leading National Advertisers

will be forced to cut the number of magazine ad pages. "It's the surprises that kill us."

Some advertisers simply refuse to recognize this tactic. "We are taking the position that these mid-year increases must be held in abeyance," says Pearson. "We need protection at the old rate."

Better Homes and Gardens is under pressure for hiking rates 7.73% this coming September after a 6.7% increase last November. Former publisher Del Rusher reasons that by introducing the rate increase earlier in the year, the magazine avoids those surprises that DuCharme says are a budgeter's worst enemy. "If we waited until September to make this announcement, we would have been forced to raise rates by 10%," says Rusher, adding that there is "no fat" left to be cut from the magazine's budget. "Postage has been a

heavy hit for us because 93% of our circulation is in the mail," Rusher notes, adding that experiments with alternate delivery methods so far have not pointed the way to reduced costs.

Another surprise that advertisers intend to fight is the threatened elimi-

nation of the 2% cash discount to agencies paying within 10 days. "The women's service field is playing with this idea, and they are selectively testing it, but we are all very much against it," says DuCharme at Grey. In addition, RJR's Pearson, noting that "this is obviously a rate increase," warns that "if they eliminate the cash discount, they could price themselves out of business."

Other charges, though smaller, continue to stir up buyers. Premiums for bleed (extending four-color past the margins) remain one sore point. "The additional charge isn't much money, but it's an annoyance," says Landgraf. He's equally piqued by premiums for regional editions. "We always try to negotiate these out, and we have had a fair amount of success. But they are still on the books and unreasonably so." At RJR, Pearson says he makes use of split runs of national pages that are then divided among three brands to reduce the regional premium.

Despite such grumblings, advertiser investments in the medium for 1989 can be taken as a vote of confidence. Robert Coen, senior vice president and

MAGAZINE PUBLISHERS' COST INCREASES

	Paper	Printing	1st Class	Postage 2nd Class	3rd Class	Salaries	Consumer Price Index
1970	100	100	100	100	100	100	100
1977	175	171	217	218	197	161	156
1978	197	185	250	290	221	172	168
1979	211	200	250	343	221	181	187
1980	235	220	250	343	221	202	212
1981	259	242	300	321	274	226	234
1982	270	266	333	348	287	253	249
1983	262	271	333	348	287	271	258
1984	301	279	333	348	287	287	269
1985	345	287	366	407	316	301	279
1986	324	292	366	407	316	316	284
1987	334	298	366	407	316	329	295
1988	389	304	416	481	395	342	310
1989	399	315	416	481	395	359	326

Source: James B. Kobak & Co.

director of forecasting for McCann-Erickson, sees revenues (as reported by Publishers Information Bureau) increasing some 10% while pages will increase 3%. Strong gains ranging from 10% to 26% in the first quarter were reported for such major categories as foods, toiletries, resorts/tours and airlines. Meanwhile, cigarette advertising in magazines jumped by 35%. However, drugs/remedies, candy/soft drinks and restaurants showed steep declines in the 25% range.

Publishers obviously are sensitive to the buyers' complaints, and they are attempting to ease the sting of any planned increases. Condé Nast, for example, recently raised rate bases for *Vogue*, *Self* and *Condé Nast Traveler*, but is offering advertisers rate protection at the former level until the end of the year.

But CN's Fuchs is quick to sound the publishers' argument that the buying process has been turned on its head: Advertisers, he says, should be buying space not by the lowest page rate but based upon a publication's quality and marketing strength. "We haven't cut back on on-location photography, four-color pages or resorted to paying sec-

ond or third copyrights to material," says Fuchs. He also notes that his company, along with others, tries to balance cost increases between advertisers and readers. Although he explains that "it's risky to increase prices for magazines with heavy newsstand sales," he says cover prices for *Bride's* (now priced at \$5 per copy), *Mademoiselle* and *Glamour* recently have been raised. Figures from magazine consultant James B. Kobak show publishers' revenues have been equally divided between advertising and circulation through the 1980s, as opposed to 2:1 ad/circ ratio in 1970.

One magazine relying more on readers than advertisers for more revenues is *Sports Illustrated*, which raised the rate base in July 1989. Publisher Donald Barr points out that this actually decreased his CPM, since page costs rose by 3.5% while guaranteed circ rose by 5%. To fill out the revenues, *SI* is attempting to pass along the highest increases to readers. Newsstand prices jumped by nearly 20% recently, and introductory subscription rates also went up, by 25%.

Better Homes, with its highly competitive market and a multi-media par-

ent, Meredith Corp., is responding to its highly competitive marketplace with extensive value-added packages. Meredith can customize a marketing program for advertisers, including everything from a promotion event and point-of-purchase displays to list rental for direct-mail efforts and printing and research services. Rusher says that about 25% of the magazine's advertisers contract for some kind of additional service from the magazine publishing company.

Kraft, for instance, opted for a 12-page insert featuring recipes and coupons for a multitude of brands. Cookbooks were sold by the supermarkets or were offered free with proof of purchase. Promotional support for Kraft included tv time purchased on Meredith stations.

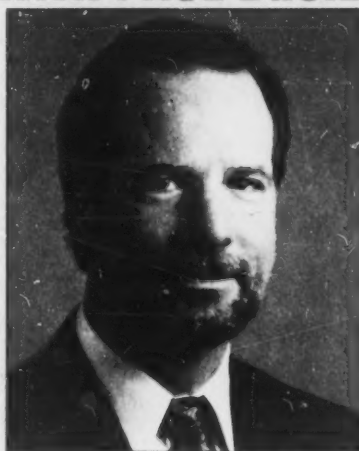
Kraft is one advertiser that makes magazines work for its business. Kraft agencies coordinate merchandising programs and specify to the magazines what kinds of services are needed, a switch from the typical practice of waiting to see what the publication will offer. "Merchandising isn't exactly a magazine's forte, but they are very competitive and come up with impres-

A CONVERSATION WITH PAUL DuCHARME

Paul DuCharme is vice president, director of print media, at Grey Advertising Inc., New York.

On rates: "We're seeing increases in some cases as high as 10%. But I think some of this is padding to allow room for negotiating the prices downward later. What is really troublesome is that some magazines have opted to raise rates in the third quarter of this year. That means two rate increases within a 12-month period. It's this additional out-of-pocket cost that concerns us. We will have to cut the number of pages in magazines because of this increase. It's surprises like this that kill us."

On negotiation: "This year is pivotal because of the proliferation of



negotiation. There are very few hold-outs who won't negotiate. Because of the pressure advertisers are putting on publishers to hold down rates, however, more are trying to pass along

additional costs to readers. For some lifestyle books, the cover price is \$5. Another way magazines are trying to recoup costs is by adding any circulation bonus immediately to the rate base."

Multi-year discounts: "These are difficult to sign up for because of the high out-of-pocket cost. It only makes sense for a core book that you can't live without."

Value-added programs: "This is making marketing more efficient because consumers are getting the message in many forms, like at point-of-sale or through custom publishing. It gives magazines an advantage over the sight, sound and motion of tv. But increasingly, these programs are being added at extra charges."

MAGAZINE ADVERTISING RATE INCREASES COMPARED TO OTHER MEDIA COST PER THOUSAND

	1970-1980	1980-1989	1970-1989
Consumer magazines	56%	84%	187%
Business magazines	28	77	127
Day net tv	77	44	155
Eve net tv	67	151	319
Newspapers	75	109	266
Supplements	48	89	180
Net radio	8	83	98
Outdoor	53	132	255
Consumer Price Index	112	54	226

Source: James B. Koback & Co.

sive packages," Landgraf notes.

Many advertisers, however, would prefer magazines to decrease the page rate rather than try to entice them in-

stead with additional merchandising packages. "Merchandising is something that I've never been interested in," says Michel Roux, president of

Carillon Importers, which sells Absolut vodka. "Whenever we are offered merchandising allowances, I prefer instead to give the money to a charity," he adds.

RJR doesn't take advantage of the value-added programs much either, according to Pearson. "We prefer adding visibility and impact to our ad pages by getting the best positions in the magazines," he says. "Most of these merchandising programs are too targeted for our broad-based market," adds Pearson.

It might be expected that open negotiations would result in greater understanding and communication among all the parties, but thus far, that doesn't seem to be the case. But as hot-tempered buyers and sellers sit down to talk and hammer out rates, and each grows more accustomed to the process, many remain hopeful. They see that may in fact be the case in the years ahead and the medium will be stronger as a result. ■

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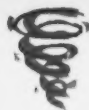
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THE TAILORED BUY

Tight times have led to new opportunities as publishers look to cover costs without scaring off their customers.

by *Frank Sommerfield*

Depending on which side of the fence you are sitting on, buying and selling space in business publications will either be a fairly enjoyable experience this upcoming year or one that makes you grimace. As far as buyers are concerned, the soft general environment for business books has made publishers far more amenable to offering rate deals and value-added services. "Ad space rates in business publications are getting more and more negotiable," finds Roy Minster, media director at Hammond Farrell Inc. "I've been able to negotiate some very strong rates."

Naturally, this turn of events is not exactly pleasing to business publishers. Not only were they unable to get large enough price increases last year to cover substantial hikes in paper and postage prices, but they had to reach further into their pockets to give advertisers the extras needed to coax them into advertising at all. While the expectation had been that business books' rates would rise, on average, 8% to 9%, the reality was closer to 6% or less. And 1990 is shaping up to be pretty much a repeat of last year. "Increases of 4% to 8% are likely, and will probably be at the middle of that range,

when at all possible," believes Phil Meek, president of Fairchild Publications.

The only good news in this scenario for publishers is they'll get a bit of a breather this year as paper and postage costs are expected to stay stable. Over the last two years, paper costs climbed 22%, and postage rates some 25%. "1990 will be a tight year, but only moderately tight compared to the previous year because postal rates won't go up until '91," says John Emery,

president of the Association of Business Publishers (ABP). At that time, postage rates may shoot up by 20%.

"Publications are going to be forced to look for alternate sources



of revenue," he says, mentioning such things as list rental. "And they will have to raise ad rates," he emphasizes, "because they can't raise subscription or newsstand rates — they're mainly controlled."

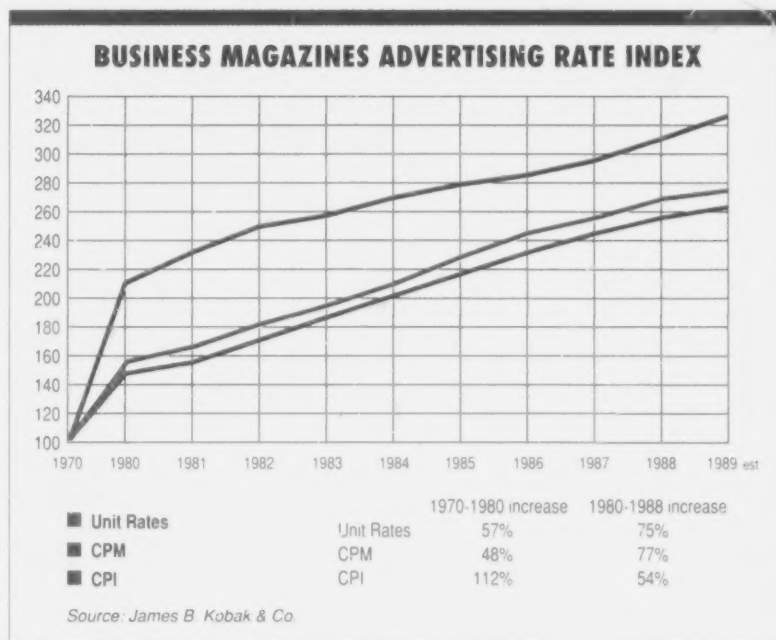
The bottom line, says Robert Burton, head of Cap Cities/ABC's business publications, "is that even if we're looking at a 6% to 8% increase in 1990, we're still going to be trying to recoup some of those dollars we never got back over the past couple of years."

Publishers will have to live with the squeeze, and try to find ways to internally trim their cost structures. A luxurious price increase simply wouldn't go over well in the current environment. "Business isn't as healthy as it has been in the past, so advertisers aren't increasing ad budgets to keep up with inflation," says Carla Loffredo, senior vice president and media director at HDM.

For example, Bethlehem Steel started trimming the number of magazines it advertised in several years ago when the steel industry ran into trouble. Paul Slaughter, Bethlehem's marketing and communications manager, says the company has decided to stay in that frugal mode, even though it could probably afford to increase its ad budget a bit. Slaughter explains that they're only promoting the items that need it, such as new products. They found that even though they had cut back on their list, the effectiveness of their ad efforts had not been affected.

But it is not just the Rust Bowl. The computer area, which had increased its spending strongly in the last two years, is stable, but may be shifting focus. "Right now a lot of computer companies with desktop product are increasing ads in networking publications and not necessarily computer magazines," says Paul McPherson, director of ad sales for *Network Word* magazine. "It's the same size pie, but the slices have changed. Most budgets are flat and being rethought."

Budgets are also more cut up than ever. "The real growth in advertising is in trade shows, telemarketing and those direct-sales type of media tools,"



says James White, vice president-corporate marketing at Chilton Publishing. Over the past seven years, sales promotion and direct marketing budgets have surpassed business and consumer print ad budgets combined, according to Fergus O'Daly, chairman of Poppe Tyson.

With competition hot for ad dollars, publishers are finding it increasingly tough to enforce their rate cards. "From where I sit, rate cards are becoming like they are in broadcast: guidelines," proclaims Ben Polk, media director at the Shalek Agency in Los Angeles, which handles such b-to-b accounts as MGM Grand Air and Gibraltar Savings. "At some of the travel-industry trades, I'm sensing that they'll be willing to customize a rate for a specific advertiser. For instance, you might wind up getting a national circulation for a non-national rate." Adds Joseph McKenna, senior vice president at HDM Advertising, "While some business publications have said they'd never negotiate, I see them starting to do it anyway."

There are even some who suggest, self-servingly perhaps, that certain categories of books — where either the field is crowded, or where the industry it covers is hurting — may have a hard time putting in any increase at all this

year. "Some industries, like financial, will announce they're holding rates," predicts Hammond Farrell's Minster. "The 1987 stock-market crash really had an impact on a number of business books, and now the advertisers are slowly coming back. In this case, the publisher's task is to get back those advertisers," he says.

The more common scenario, though, will be a kind of deal-making that doesn't involve direct discounts off the rate card. Publishers will likely give heavy advertisers bulk rates. For instance, if an advertiser agrees to place ads in a whole group of a publisher's magazines, a special rate will be negotiated.

Agencies are gearing up to take advantage of such programs. "I'm starting to look at publishing houses instead of titles, with the hope of economies of scale for my clients. It's a new thing," says HDM's Loffredo.

Some observers, however, disagree. "If you agree to advertise in 10 of a publisher's 30 titles for a special rate, you might not get the best titles, so the whole thing sometimes isn't worthwhile," warns Joseph McKenna, Loffredo's colleague at HDM.

Agencies complain that while it sounds wonderful in theory for a publisher to offer services such as market

research, mailing lists and conferences as thanks for a schedule, the reality is that the "extras" may be of minimal use. "I suppose the research is better than nothing, but it may not be better than doing your own research project," says Roderick Sipe, marketing communications manager at OSRAM, an industrial light bulb manufacturer. Adds Minster, "Most publications never really invested much in that stuff, because the last thing they wanted to do is increase expenses."

But while some advertisers complain about the quality of the value-added from one side of their mouths, the other side is asking for more. And some publishers are offering sophisticated, and costly, programs to increase the value of their basic pages.

Chilton's White is confident he will be able to provide the right kind of package. "I am now able to say to an advertiser, 'I now have a marketing tool for you, not just a magazine. I can research into a market with a product, supply readers with secondary infor-

mation and showcase advertisers through a seminar,'" he says. The publishing company now offers an on-line data base that includes market information not published in the magazines; a telemarketing service to communicate with respondents to ads; and studies of an advertiser's image among its clients.

Penton Publishing Inc.'s services are just as impressive. "For example, we've had a value-added program where advertisers earn credit by the frequency of advertising," reports Sal Marino, Penton president. "Credits include additional ad space or additional services, such as printing, research and use of a resort for sales meetings. We instituted this in anticipation of a negotiated rate situation like we have now."

Polk of the Shalek Agency says he's impressed with the strides travel trade magazines are starting to make vis-à-vis value-added. "One publisher directly brings leads to travel companies, and another has trade shows where our

clients are introduced directly to their potential clients," he says.

This is the way of the future, most agree. "Publishers will have to look at each client as an individual and see what the needs are in terms of value-added. It must be tailored," says Lofredo.

Such demand for value-added services cuts into business publishers' profitability. Over the last few years, most publications have tightened up their operations to help maintain the bottom line.

But further cuts, say publishers, may be self-defeating, hurting editorial quality and/or the sales effort. "With the current paper, printing and publishing costs, margins are being squeezed and therefore there's not much room for cost-cutting," says Marino. "Costs will have to be passed on even though the market has not been conducive to rate increases." Agrees O'Daly of Poppe Tyson, "The publishers just can't scale back any more. They've already done it." ■

A CONVERSATION WITH PAUL SLAUGHTER

Paul Slaughter is marketing and communications manager at Bethlehem Steel.

On formulating a media plan:
"We've looked hard at all the expenditures and simply have sought to get more bang for the buck. We've tried to eliminate publications where there's duplication. Where we were in three or four publications that covered a given audience, maybe now we're in two."

On getting the point across:
"We've become much more targeted in terms of messages and specific audiences. The general, institutional message, which might have been part of our plan years ago, is gone. We have very specific audiences that we want to reach. We're demanding better advertising and getting it by setting very clear objectives. It's

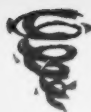


remarkable what you can do when you don't have money."

On formulating a budget:
"We've already got a small budget, so we don't look for it to shrink much.

But we're taking some money out of traditional advertising and putting it into other things. We've shifted money into video, for instance. We keep the budget sharp by being zero-based each year. All the assumptions of the previous year are out. We start fresh each year."

On being innovative: "We have spent money to develop a pull-through strategy when it comes to trade advertising. We've started advertising to the end user, in other words, our customer's customer. We link our customer into their market and develop inquiries for our products through direct phone marketing. We're trying to create a demand in the market. Doing this didn't necessarily increase our media budget, because we had to pull off money to do the telephone marketing, which was the key."



THE PRICE OF PROGRESS

Buyers say newspapers are easier to use than ever. Unfortunately, they add, they're also just as expensive.

by Bill Gloede

For most of the past 10 years, the newspaper business has engaged in a wrenching process of self-examination that publishers hoped would lead to the rebirth of newspapers as a medium for national advertising. But, to date, the industry's efforts have yet to produce dramatic results. The reason, buyers say, is very clear: price.

During the past decade, the industry created, at considerable expense, a standard set of ad sizes so advertisers and their agencies could be sure ads would look the same in all papers. It agreed to and partly funded a system of standardized, syndicated research with which agency planners could reliably evaluate newspaper readership on a national basis. It created a standardized rate-card format and several different networks of newspapers in which an agency could place national ads with a single telephone call.

But over the same period, newspaper circulation — and more importantly, the percentage of homes reached by newspapers nationwide — has remained flat, while advertising rates have increased. The result has been that newspapers are a less efficient national buy today than they were in 1979.



NEWSPAPERS: THE DECADE IN ADVERTISING

	1980	1981	1982	1983	1984	1985	1986	1987	1988	'89
Newspapers										
Total	\$14,794	\$16,528	\$17,694	\$20,582	\$23,522	\$25,170	\$26,990	\$29,412	\$31,197	\$32,685*
National	1,963	2,259	2,452	2,734	3,081	3,352	3,376	3,494	3,586	3,695*
Local	12,831	14,269	15,242	17,848	20,441	21,818	23,614	25,918	27,611	28,990*

*Preliminary estimates
Source: McCann-Erickson

It's no surprise, then, that in 1988, just as in previous years, newspapers' collective share of total national advertising declined. The 1988 share was 5.4%, according to McCann-Erickson figures. So far in 1989, it appears that trend continues unabated, with McCann predicting newspapers' national dollars will reach \$3.7 billion, or 5.2% of the national total. And the erosion should continue into 1990, buyers predict, when rates are expected to rise between 5% and 7%.

"Newspapers certainly are easier to work with than they used to be," says Jack Cohen, vice president and director of print/outdoor media buying for DDB Needham in New York. "But in buying media, it all comes down to cost, and the cost of a national newspaper schedule is astronomical."

Consider this: A four-time, full page black-and-white insertion covering the top 50 markets, with 24 million circulation, would cost an advertiser roughly \$950,000 per run, or a total of \$3.8 million. The same four-time insertion covering most of the country, with 63 million circulation, would cost \$3.1 million per run, or a total of \$12.4 million. For that money, an advertiser can develop a mighty network television buy that will theoretically prove far more efficient in terms of cost per thousand consumers reached.

"Pricing has always been one of the big hangups with newspapers," says Dan Pearson, senior director of media for the R.J. Reynolds Tobacco Co. in Winston-Salem, N.C. "It's just the bloody absolute cost of any kind of continuity newspaper program. The cost they ask versus the return they pro-

vide, at least up to this point, can't be justified," he maintains.

The key words in Pearson's comment are "up to this point." That's because print buyers are beginning to find a new willingness on the part of newspapers to talk about rates. Although any kind of collective rate setting is prohibited by federal anti-trust laws, individual newspapers and newspaper groups are beginning to tackle the rate issue by creating new package buys that offer steep discounts for frequency. They have established new, lower rates for advertisers such as packaged-goods companies that do not normally use newspapers. They are also developing new types of special, usually fixed-position advertising units that, since there is no provision for such units on the rate card, are sold on

the basis of negotiated, not fixed rates.

"We have seen, in some cases, that it's easier to negotiate with newspapers than it has been in the past," reports A.R. "Bud" Shields, manager of newspaper buying for Lintas: Campbell-Ewald in Warren, Mich., the agency of record for General Motors Corp., which is the largest buyer of national newspaper space. "Newspapers are beginning to more or less realize the problem. I think they can make a comeback."

Jerry Tilis, vice president of marketing for Knight Ridder Newspapers, agrees that more aggressive discounting by newspapers could lead to a turnaround in national. "I think the term 'negotiated' has a sort of under-the-table connotation that it ought not to have," he says. "But increasingly,

TOP 10 NEWSPAPER ADVERTISERS—1988

FIRST QUARTER 1989

Advertiser	1988 (000)	Jan/Mar 1988 (000)	Jan/Mar 1989 (000)	% Change
General Motors Corp.	\$905,061.2	\$31,483.9	\$14,066.2	-55.3
General Motors Corp. Local Dealers	173,232.4	16,570.3	17,210.2	3.9
Texas Air Corp.	97,954.3	13,337.5	23,268.6	74.5
Philip Morris Cos. Inc.	1,091,756.3	10,408.8	6,255.9	-39.9
Ford Motor Corp. Local Dealers	147,345.7	12,933.0	12,626.9	-2.4
Ford Auto Dealers Association	140,115.6	12,048.4	9,416.9	21.8
RJR Nabisco Inc.	457,735.3	880.0	2,181.3	147.9
AT&T Co.	341,320.4	7,949.7	15,660.6	97.0
American Express Co.	169,140.5	7,534.6	4,965.6	-34.1
Warner Communications Inc.	85,948.6	7,787.0	10,658.6	36.9

Source: Leading National Advertisers

newspapers are starting to use price as part of the selling equation. If you can't sell one thing for \$1, maybe you can sell two for \$1.80."

DDB Needham's Cohen says he's seen little in actual price negotiation in the newspaper business. Most of the discounting he sees is based on frequency schedules or repeat rates. Though he doubts newspapers will abandon their rate cards anytime in the near future, Cohen believes they eventually must begin negotiating rates.

"In the rest of the world, rates are negotiable," says Cohen. "Newspapers are the only major medium that still adheres to the rate card."

And rate card rates, like income taxes, increase just about every year. A consensus opinion among buyers and sellers of newspaper space indicates that rate increases for national advertisers in 1990 should be modest.

Shields sees no more than a 6% to

7% increase; Cohen is figuring on a 7% increase. RJR's Pearson, who believes softness in the price of newsprint will give publishers an unexpected profit "windfall" in 1990, believes papers will hold increases to 4% or 5%.

Robert J. Coen, senior vice president and director of forecasting for McCann-Erickson in New York, believes rate increases will stay "pretty much in line with inflation." He expects overall newspaper rates to rise in the 5% to 6% range, although he notes that if the national economy sours and causes softness in the retail advertising market, newspapers could seek to make up for that softness by further raising national rates.

Bill Harrison, vice president and New York manager for Million Market/Times Mirror Newspapers, says his firm is expecting rate increases to average 6% to 7% in 1990. At Gannett, Gary Sherlock, president of Gannett

National Newspaper Sales, has not yet developed an estimate of how much rates will rise next year. But he expects newsprint prices to remain stable through at least the end of the year, which will help publishers keep rate increases down. Tilis of Knight Ridder also has not come up with an estimate of rate increases. But he said, "What do I see for 1990? More of the same."

One newspaper rep for a big national firm, who would not speak for attribution, put it this way: "The days of double-digit increases are disappearing. Business isn't that good, and all we hear are complaints about rates."

According to the Newspaper Advertising Bureau in New York, national advertisers spent \$3.58 billion in newspapers last year, an increase of 2.6% from 1987 levels. At the same time, general (national) open rates increased 7.2%. Though an index of rate increases is based on open general rates,

A CONVERSATION WITH DAN PEARSON

Dan Pearson is senior director of media for R.J. Reynolds Tobacco Co.

On the continuing erosion of newspapers' share of national advertising: "I don't have any reason to believe the share erosion won't continue, although some of the things that newspapers are doing may help reverse the trend. I'm not sure they've taken hold yet."

On industry efforts to reverse the trend: "I think newspapers are becoming more unpredictable, which is, in a sense, good. They're seriously struggling to try and come to grips with what to do to maintain their advertising base."

On efforts to increase national sales: "I'm picking up word of increased activity by individual papers working with primarily food companies that are going to more regionalized structures and programs. Individual papers are starting to get themselves into the advertisers' pro-



grams by coming up with localized, tailored kinds of packages. That's helped them get some business that they were not able to get in the past."

On the future of negotiated rates: "There has been a lot of that, but it isn't negotiated in the bad sense of the word. It isn't, 'Our published rate for a column inch is a buck, but we'll

give it to you for x.' It is negotiated in the sense of commitments to them for non-standard units in fixed positions and other kinds of spots in the paper for which a rate has never really been established. There's a much broader interest on the part of the industry in general to try to find those kinds of things."

On RJR's plans for newspapers in 1990: "Even though we continue to develop and execute our plans from a central location, I think we are regionalizing our activity more and more. And that's got to help newspapers. We've got a couple of tests in the field that, if they pan out, could really help the medium. Several of our products have campaigns that are geared to the newspaper medium, so that has potential."

"But you still have some of the basic negatives. It's just the bloody absolute cost of any kind of continuity newspaper program. The cost vs. the return, at least at this point, can't be justified."

which are higher than those paid by advertisers who buy more than one ad in a year, a comparison of the two figures indicates a net loss in national advertising lineage.

In the first quarter of 1989, the NAB reports continued softness in national, with spending up only 1.7% to \$894.5 million.

There are however, some bright spots in newspapers' collective future.

One is the growing number of newspapers that can print quality color advertising. The National Four-Color Newspaper Network, which is sold by Gannett but includes newspapers owned by other companies, just received a major circulation boost with the addition of the *Los Angeles Times*, which joined the network in early July. An advertiser can now buy a four-color ad in some 300 newspapers with an

aggregate circulation of 32.6 million through the network.

Newspaper reps are also encouraged by the rising cost and decreasing efficiency of network television time. In the recently completed network upfront selling season, during which advertisers buy time for the coming year, the Big Three claim to have sold \$4 billion in prime time, a 13% increase over the last year. Rate increases averaged between 13% and 14%, despite a 3% decline in the prime-time audience during calendar 1988.

"I think newspaper national has to pick up," says Knight Ridder's Tilis. "There's been very strong upfront buying in tv at prices that are absolutely off-the-wall."

Does that mean advertisers will take a fresh look at newspapers as an alternative to tv? Tilis thinks so, based on what happened to newspapers during the days of double-digit rate hikes.

"Newspapers were very aggressive in pricing national, and that cost us," he says. "Now, we're a much better buy relative to the competition, and we're more sensitive."

It remains to be seen whether the newfound willingness to keep rates under control and to negotiate at least some prices with advertisers will slow the erosion of newspapers' national revenues. The erosion, according to Million Market/Times Mirror's Harrison, has been partly attributable to efforts on the part of some big national advertisers like automotive and consumer electronics companies to enter newspapers "through the back door" by using cooperative advertising with retailers to obtain lower retail rates.

"I think the erosion will slow down in 1990, but I don't think it will go away," said Harrison.

Gannett's Sherlock is more optimistic. "If 1990 is not a turnaround year, certainly we should see the rate of erosion leveling off."

Coen of McCann-Erickson also believes newspapers can reverse their declining national fortunes, but only "if they can really work with the very biggest national marketers who are looking intensely for anything they can call a deal." ■

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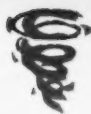
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LESS SMOKE, BUT MORE FIRE

When tobacco went up in smoke, out-of-home went on the alert. The results are new ad categories and a tightening market.

by Paul Edwards

Outdoor's caught the marketing bug, and with good reason. With the threat of an all-out advertising ban on tobacco products looming ever larger, outdoor advertising companies, both 30-sheet and eight-sheet, are doing all they can to insure that their new-business efforts continue to thrive.

Companies have increased their capital spending to build new plants and modernize existing ones in an effort to make them compatible with outdoor's new computer-painted ads. They also are investing heavily in computer mapping systems that allow advertisers to reach targeted demographic segments. And they're actively getting the word out: Not since the early '70s, before tobacco turned to outdoor, have the outdoor companies mounted such an aggressive sales effort.

They're being heard. Last year's revenues increased 6.6% to nearly \$1.42 billion. That gain outpaces an average price increase for posters and painted bulletins of just 3.8%, an increase that's likely to be repeated in the coming year.

"The tobacco industry cut its advertising back sharply in 1987, and that shocked us," says Tom Hudson, vice president, national marketing and sales for Patrick Media, referring to a 14%

drop. Though it came back in 1988, the Institute of Outdoor Advertising says tobacco's share of outdoor business has fallen from 40% in 1979 to 25% today. "We realized that we had to respond, that we had to restore the 'Go get 'em' attitude that we once had. So now we're going after many different categories, and it's our intent never to be totally dependent on just one or two categories again."

"The industry would like not to have to rely on tobacco," says C. Peter Riordan, vice president, Out-of-Home Group, BBDO Worldwide, New York. "Before tobacco came along, liquor used to be number one. Now liquor is down to number five, representing just 4% to 5% of total revenue."

Like many in the industry, Riordan has his eyes on packaged goods. "This is the category that should grow the most," he says. "It's a tough sell — people in that business love tv."

But Riordan points out that there are two reasons to anticipate packaged goods' greater use of outdoor. The first, he says, is the emergence of regional marketing. Those packaged-goods marketers who've used outdoor to reach the Hispanic market, he says, have achieved very strong results.

The second reason, he notes, is the difficulty that packaged-goods marketers have had with retailers. "Advertisers are looking for visibility near

stores. If you can get a sign near the store, it will be easier to convince the retailer to give you additional shelf space."

Riordan cites Campbell Soup for its effective use of outdoor, targeting specific soups to different regional markets. He adds that Colgate-Palmolive and Tide both used outdoor last year to introduce new products — a new dishwashing detergent and a new laundry detergent.

At Campbell Soup, Chris Meehan, brand sales manager for soup, adds a third reason for the appeal of outdoor.

"A lot of it has to do with efficiency, especially in an area like New York. Over the years we've increased our use of outdoor because we can reach our audience directly at a cost that's far below that of most other media. And we reach specific target groups."

Packaged goods aren't alone in making increased use of outdoor. The Outdoor Advertising Association of America, doing its bit to boost new categories, recently created its 300% Club: advertising categories that have increased their outdoor spending more than 300% in the past ten years. The entertainment and amusement, travel, business and consumer services, publishing and media and retail industries are all members.

Entertainment, for example, spent about \$22 million in 1978. Last year's

spending, however, was up to \$89 million. Spending last year for travel hit \$110 million, up 319% in ten years.

Business and consumer services — banking, insurance and real estate — spent about \$28 million ten years ago. But last year, the category reached \$127 million. Publishing and media has gone from \$21 million to \$95 million. Healthcare and related services spent \$32 million on outdoor last year, up from nothing five years ago.

The biggest increase of all was recorded by the retail industry, which has grown from \$5 million in 1978 to \$164 million last year. The retail industry now is the second-largest advertiser category in outdoor. But with every silver lining comes a cloud — industry executives complain loudly that the retail industry has firmly established its reputation for slow payment.

The increase in non-tobacco and non-liquor advertising has been deliberately plotted by outdoor companies. Once conditioned to be mere order takers by the rush of easy business from tobacco, the companies now are hiring new sales and marketing personnel and

beginning to offer services that were once unheard of.

The growth in regional and targeted marketing, for example, has led several outdoor firms to offer sophisticated computer-mapping services. Just a few years ago, such a request would have been met with blank stares. But now Gannett Outdoor and Patrick, with systems provided by Donnelley Marketing's Conquest, can enter your target into a computer and generate a map of areas and neighborhoods that meet your request. Overlayed on top of that will be the locations of their billboards.

"This is one of the tools that we need to be smart marketers," says John Hope, senior vice president, general manager of Gannett Outdoor Network USA. "We're seeing a lot of national advertisers begin to target their products more wisely."

"It's a great idea," agrees Bob Flood, out-of-home media director for DMB&B, St. Louis. "The mapping systems do an excellent job of pinpointing those areas that will target

your audience. But it falls apart if there are no boards available in those areas."

Gannett is also committing \$25 million to a capital spending program this year. Much of that money, Hope says, will be spent on erecting new structures and retrofitting existing ones to accommodate computer-painted posters. Many of the newer ones will be supported on a single pole (unipoles), enabling them to rotate. Much of the new construction, he says, will also incorporate back lighting.

Gannett is also launching a new 24-hour service hotline. Beginning in September, he says, any agency or advertiser will have a hot-line number to call in case of service difficulties. "If anyone sees a problem with a particular board and calls it in, we'll have someone on the spot to fix it within 24 hours," Hope says.

Despite the heavy level of investment and the increased services being provided by outdoor, no one in the industry is predicting unusually high increases. Gannett's Hope says a 4% to



TOP 10 OUTDOOR
ADVERTISERS—1988

Advertiser	1988 (000)	FIRST QUARTER 1989		
		Jan/Mar 1988 (000)	Jan/Mar 1989 (000)	% Change
Philip Morris Companies, Inc.	\$1,091,799.8	\$12,519.0	\$19,541.2	56.1
RJR Nabisco Inc.	457,735.3	14,348.9	13,977.4	- 2.6
Loews Corp.	69,321.3	7,955.3	9,951.4	25.1
BAT Industries PLC	100,069.6	5,063.2	9,970.6	96.9
General Motors Corp. Local Dealers	173,232.4	3,767.5	3,250.8	-13.7
American Brands Inc.	74,989.7	1,985.5	2,220.9	11.9
Seagram Co. Ltd.	105,357.3	1,460.1	1,628.0	11.5
Ford Motor Co. Local Dealers	147,345.7	2,076.1	2,241.2	8.0
Anheuser-Busch Cos. Inc.	369,735.8	1,022.4	696.6	-32.8
McDonalds Corp.	401,003.0	1,390.9	1,301.9	- 6.4

Source: Leading National Advertisers

6% increase is likely, citing the usual factors of materials, labor and real estate.

At Patrick, a similar increase is forecast, and it's very likely that they'll make good on it. Last year, Patrick didn't hike its prices at all, in an effort to increase its share of the business. But this year, its increasing debt load will force its hand.

Riordan wouldn't be surprised if prices shot up as much as 6%, but he points out that there's a big difference between what's printed on the rate card and what advertisers actually pay. Rates will continue to be negotiable, he says, depending on the size of the showing and the time committed for.

Outdoor companies may find some advertisers reluctant to go along with the price increases, particularly the very advertisers they've worked hard to entice.

Campbell's Meehan says, "We use outdoor where it makes sense, where we can get a rate that's below comparable media. But if outdoor prices go up much more, we'll probably increase our spending on in-store media. It's much less expensive, and it reaches the consumer just as they're ready to buy.

A supermarket costs us just \$20 a month."

One sign that rate increases will have more bite this year than in the past,

however, is the decreasing availability of boards. Changing zoning regulations have imposed a high rate of attrition on the industry. Structures will stay put at about 210,000 poster size and 50,000 bulletin size. And this year, increased interest in outdoor resulted in a sellout for the spring/summer peak season by February. That's fully a month earlier than the industry has

come to expect.

The increased interest in outdoor is also resulting in a boom for the eight-sheet industry. Smaller in size than traditional outdoor structures — measuring just six feet by 12 feet — eight-sheets were typically found only in built-up urban areas where it was difficult to construct larger signs or real-estate prices were prohibitive. Now, eight-sheets are finding their way into suburban neighborhoods.

One of the large eight-sheet firms is Gateway Outdoor. The Pittsburgh-based firm has more than 12,000 locations in seven markets. And today, about 30% of its signs are outside urban areas.

One of the big attractions of eight-sheets, according to Gateway president Robert Smith, is their cost. At an average cost of \$100 to \$110 per board, they're priced substantially below the cost of traditional posters, which now average about \$450 to \$500.

The relative strength of the markets is reflected in both revenues and anticipated price increases. Last year the price of eight-sheets went up 6%; this year, Smith says they'll go up yet another 6% to 8%. Revenues are up even more, moving from \$90 million in 1986 to \$99 million in 1987 and \$110 million last year.

The growth in new advertising categories for eight-sheets is quite similar to that of the larger structures. Tobacco remains the strongest category, and liquor now stands at number three. There's been steady growth in packaged goods, footwear, financial services and fast foods.

When it comes to regional marketing, eight-sheets, according to Smith, can take the concept a step further. "One of the big advantages of eight-sheets is their microtargeting capability, because they are so localized," he says. Marketers trying to reach the Hispanic market are especially enamored of eight-sheets, he says. Hair-care products for Blacks also use eight-sheets extensively, he says.

Advertisers are finding that eight-sheets can perform a variety of different roles and do them inexpensively, says David Zimmerman, national sales

8-SHEET OUTDOOR SALES

	National Sales (millions)	Total Sales (millions)
1986	\$43.4	\$90.0
1987	47.0	99.0
1988	53.0	110.0

Top Spenders
By Category 1988

Category	Spending (millions)
1. Tobacco	\$24.4
2. Liquor	12.2
3. Beers and soft drinks	4.8
4. Personal Care	2.9
5. Food	2.9

Source: 8-Sheet Advertising Association

director at Gateway. "Eight-sheets have both advertising and promotional value," he says. "You can tie eight-sheets together with point-of-purchase advertising by buying boards near stores," he explains. "And at a cost-per-thousand impressions of just 50¢, it's very tough to beat."

Packaged-goods marketers are also making their presence felt in other out-of-home media, such as in-store. Procter & Gamble, for example, has teamed up with Donnelley Marketing and CheckRobot in a joint venture called Advanced Promotion Technologies. The company, founded in December 1987, is developing two electronic systems to provide sales incentives at the checkout.

Early in-store incentive systems, developed in the mid '80s, dispensed printed coupons to buyers at kiosks located in the store. Most packaged-goods manufacturers experimented with the systems, but abandoned them when they found they were expensive and were unable to discriminate among long-term users, consumers seeking a bargain and those interested in trying

new products.

Catalina Marketing later developed a system connected to the scanning system at the checkout that could be programmed to dispense complimentary coupons (a customer buys hot dogs and the system prints a coupon for Pepsi). The Catalina system is widely regarded as a more successful approach to promotion than earlier systems.

Now comes APT, which has adopted the Catalina approach and added some bells and whistles. The Vision System, now being test marketed at five stores in Columbus, Ohio, Cleveland and Des Moines, uses a color-video display at checkout to alert customers to the coupons and values that apply to each purchase. Instant rebates are programmed into the system and advertised on the shelves.

Debora Collier, director of marketing services at APT, notes, "We realize that this type of promotion has come under attack by some marketers because it does little to build long-term brand loyalty." For that reason, she says, the company will launch this month an additional program that will

run on the same system. Called Vision Value Club, it is analogous to a frequent-flyer program. Shoppers are given smart cards, which are credit-card sized cards containing electronic chips, that are inserted into the Vision System during checkout. As purchases are scanned into the system, the Vision hardware awards points to the consumer for purchases of participating products. The points are redeemable for gifts described in a catalog.

Both of APT's systems are still undergoing development and market testing, and no prices have been determined yet.

It is likely, she said, that use of the system will tend to increase the promotional ties that exist between product marketers and retailers. "Not only will shoppers get points from the system for buying specific products, but they'll also get points for making repeated purchases at a store."

Conceptually, Collier admits, there's nothing new about awarding points: "It's just an electronic version of green stamps. But it eliminates having to lick stamps." ■

A CONVERSATION WITH BOB FLOOD

Bob Flood is out-of-home media director at D'Arcy Masius Benton & Bowles, St. Louis.

On rate card increases: "It's a hard guess what's on the minds of the outdoor companies. They've had rate increases of 4% to 6% for the past two or three years, so that's become something of a barometer. Not too many people have objected to that."

On negotiated rates: "I don't see any loss of negotiability. Our bargaining position varies with the season and how much is sold upfront. What we are seeing is that we're finding sold-out conditions in more markets, and we're reaching that stage much earlier."

On a potential tobacco ban: "Tobacco advertisers will hang in as long



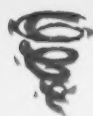
as they can. As far as the imposing regulation is concerned, the ball is in the government's court. Tobacco companies will continue to introduce new brands, to advertise and to promote as long as they can."

On new outdoor advertisers:

"Packaged goods are coming on strong in both in-store and outdoor advertising. The erosion of television — the splintering of that audience — is responsible in part. Television is no longer cost effective. Combine that with the ability to target specific groups using outdoor and the ability to target consumers in-store, and you have a much more cost-efficient medium."

On regional marketing:

"Outdoor gives you the flexibility to reach any segment of the marketplace that you want, just like most local media. The problem that we're finding is that so many advertisers are discovering the advantages of out-of-home advertising that it's becoming very difficult in some markets to find available boards."



NUMBERS, PLEASE

As publishers reach out for national ad dollars, their lack of objective research takes on greater importance.

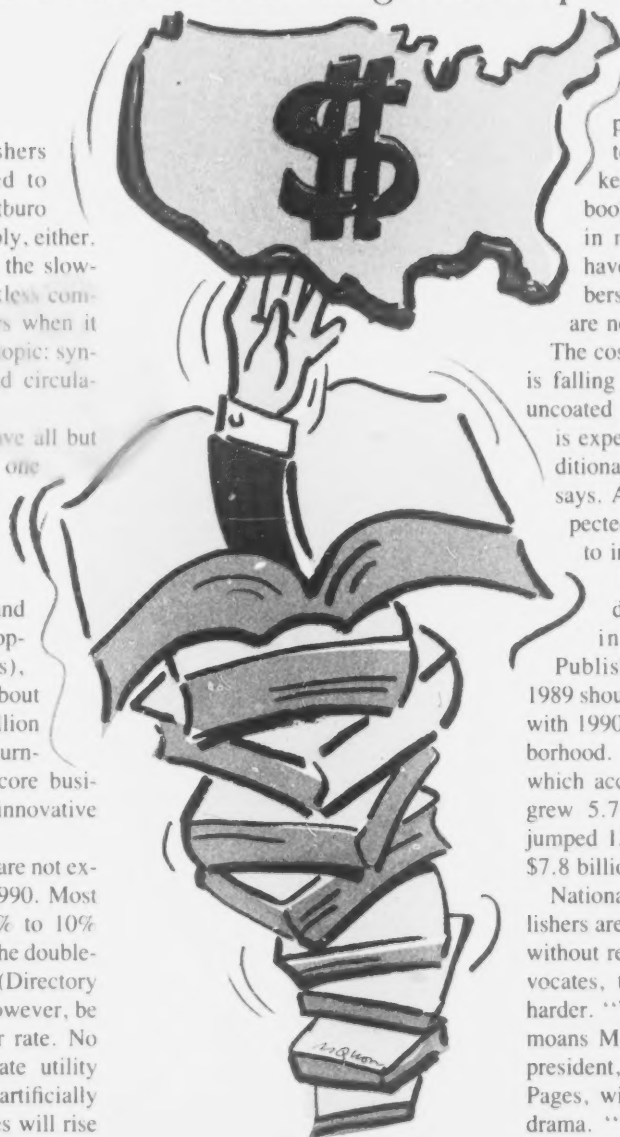
by Carol Hall

Yellow-pages publishers are being compared to members of the Politburo these days — and not favorably, either.

Some in the industry say the slow-to-change Soviets seem reckless compared to directory publishers when it comes to this industry's hot topic: syndicated research and audited circulation studies.

Meanwhile, publishers have all but abandoned new forays into one another's territory. Though there still is significant competition in about 25 markets among the traditional utility, independents and "invading" regional Bell operating companies (RBOCs), the RBOCs, responsible for about 75% of yellow-pages \$7.8 billion in annual revenues, are now turning their attention to their core businesses with a number of innovative marketing concepts.

In this environment, rates are not expected to rise too much in 1990. Most estimates come in at the 5% to 10% range, a lot more timid than the double-digit hikes of years past. (Directory charges in California will, however, be increasing at a much higher rate. No longer regulated by the state utility commission that kept them artificially low for years, some say rates will rise



12%. Pacific Bell says it expects to post increases of 2% to 9%, depending on the market.) So far, costs of utility books have not tended to jump in markets where competitors have pulled out. Directory numbers peaked in 1987 at 6,500 and are now at 6,200.

The cost of publishing yellow pages is falling somewhat too. The cost of uncoated groundwood directory stock is expected to be discounted an additional 5% next year, an observer says. And distribution costs are expected to remain stable, according to industry sources.

Growth figures for the industry look healthy. According to the Yellow Page Publishers Association (YPPA), 1989 should show 7.5% to 8% growth, with 1990's figures in the same neighborhood. Last year, local business, which accounts for 88% of revenues, grew 5.7%, while national business jumped 13.7%. Total at year-end was \$7.8 billion, up 6.6%, says the YPPA.

National advertising is the area publishers are eying for future growth, but without research, say the numbers advocates, the selling will come much harder. "We have enough problems," moans Mary MacDonald, senior vice president, director of DMB&B Yellow Pages, with the proper note of melodrama. "We don't have sight, sound

or motion, so at least give us the research. With every advertiser I know, this is a real sore point," she says.

Earlier this year, YPPA established a permanent research committee. Job #1: Look into the viability of syndicated research. Made up of people representing agencies, advertisers and publishers, it issued a report that caused a furor among agencies. The report said syndicated research is probably valuable for certain markets but not for the country as a whole. That's not what many wanted to hear.

Advertisers want two types of information. First, they want usage data: who uses the books, who uses the categories they advertise in, how often do they look in those categories, how often do they then actually make a purchase, etc. Beverly Hills, for instance, may rank 19th in importance to an advertiser because of population and average income, but plug in usage data, and it could fall off the list.

Advertisers also want some confirmation of circulation: Are all the books really being delivered? Delivery of phone books can involve temporary employees and rather informal arrangements. As one agency staffer says, "There's always the question of where the books really go."

Syndicated third-party research is antithetical to the free-market philosophy the seven regional Bell operating companies (RBOCs) have lived by since the divestiture of AT&T in 1984. As far as circulation went before the breakup, the Phone Company delivered the Phone Book. AT&T did heaps of usage research when it was a monopoly, but the RBOCs have since been emphasizing their differences.

Most of the RBOCs currently pay for outside firms to do usage research for their markets. "That's all fine and dandy, but obviously the source of the research is a problem: from the advertiser and agency standpoint," huffs Ed Schneck, senior vice president at Wahlstrom & Co., Foote, Cone &

Belding's yellow-pages unit. "We know that we do not see all of the data, we only see the 'good' data. Enough of this censorship."

Southwestern Bell and Bell Atlantic are mentioned by many as particularly resistant to national research. Some suspect they are so resistant because both are locked in heated competition with large independent publisher Reuben H. Donnelley in certain markets.

YELLOW PAGES' GROWTH AND REVENUES (BILLIONS)

Year	Total (billions)	National	Local
1980	3.8	.577	3.223
1988	7.78	.944	6.837
1987	7.3	.930	6.37
1986	6.5	.759	5.74
1985	5.9	.684	5.216
1984	4.9	.580	4.32
1983	4.2	.486	3.714
1982	3.8	.432	3.367
1981	3.3	.378	2.922
1980	2.9	.330	2.57

Source: Yellow Page Publishers Assn.

But the companies say otherwise. Bell Atlantic pays for the services of a dozen research firms. "Why do we have to go and spend more to tell our advertisers what they already know?" asks Bob Gilbert, director of sales planning. He adds that by buying their own, they can tailor the research to answer questions about their market.

Don Lottmann, vice president/marketing at Southwestern Bell Yellow Pages, says it recently hired SRI (Statistical Research Inc.) to study about ten of its markets, but sees no need for syndicated research. "Why should we incur a whole lot more cost and get fewer markets in the national study?"

U.S. West hasn't committed itself, but is seen as being open-minded on the subject. In fact, Pacific Bell is the only RBOC that has not only committed itself, but put its money where its mouthpiece is. It has just completed the

kind of syndicated research, using National Yellow Pages Monitor, that many want the industry to do nationwide.

Using the in-home diary method, the usage study covered 80% of Pacific Bell's territory and measured things like how often consumers used directories and what they did with the information. The study used MSAs (metropolitan statistical areas), groups of counties defined by the U.S. Census Bureau. "Pacific Bell has taken the lead," says Steve Troy, president of Ketchum Yellow Pages. "I think this is a big step for the industry."

One company, however, has completed a nationwide study of the industry. Directory Data, in an attempt to fashion itself as the A.C. Nielsen Co. of this medium, recently released results of its 1988 research. The company conducted phone interviews in 80 MSAs nationwide, spending \$2.5 million on this one-time effort in hopes of priming the pump for future business. The company says once startup costs are out of the way, the annual cost of the study should fall to about \$1.5 million. The annual cost per

publisher, depending on the size of its markets, would be around \$250,000. "It's peanuts for this industry to support this," notes Matt Cone, an account executive at Directory Data.

But that brings up another problem: Who pays? Agency people say their companies simply can't afford to pay for nationwide yellow-pages research every year and point to the fact that other media pay for their own. "Anybody who has a product has the duty to provide evidence of how well it works," asserts Blanche McQuire, vice president of market resources at Ketchum Yellow Pages. And with publisher profits estimated to be in the 20% range, many feel they can well afford it. Lee Mathews, president of Bernard Hodes Yellow Pages Service, a subsidiary of Omnicom, proposes that the cost can be shared commensurate with agency commission rates. Agencies

would pay roughly 25% of the total cost, publishers the rest.

Most agree the research issue won't be resolved anytime soon. Some feel there is hope in the fact that many publishers have installed new chief executives within the last couple of years: Pacific Bell, U.S. West, NYNEX, Southwestern Bell, among them. "There's an opportunity there to open their minds," says MacDonald.

A renewed focus on the home turf could also help the cause. Most regional Bell publishers have called a halt to the expeditions into new territories. "There hasn't been a major foray into other markets anywhere in the country in the last two years," says Ken Perry, director of product marketing planning at Bell Atlantic.

Home-focused publishers are now working on a host of ideas, many currently in trial, to strengthen their core books. Perhaps the one that has the industry most excited is Pacific Bell's tryout of "brand sell" advertising this summer in its Los Angeles and San Francisco directories. The ads, featuring products like Levi's jeans and Telle-dyne's Waterpik, highlight branded products, not retailers.

A number of publishers, including Pacific Bell, U.S. West and Southwestern Bell, also are trying "talking yellow pages," or audiotex. There are two kinds of talking pages: front-of-the-book and back-of-book.

In directory parlance, back-of-the-book refers to the advertiser listings, i.e. the bulk of the directory. A back-of-the-book audiotex buy involves a regular print ad, but features a retailer number shoppers can call to hear a recorded message concerning sales, new lines, etc. It's expensive, but publishers are hoping its appeal will be its elasticity. While printed yellow page ads stay the same for 12 months, advertisers can change an audiotex ad as often as they want.

Front-of-the-book audiotex, an idea that's been around for a couple of years and has been adopted by a number of independents, involves listings in the very front of a directory of information numbers, such as one for the weather or for stock quotes, each containing a brief plug for an advertiser. The utility books are still prevented by law from doing more than providing the linkup to the information. Therefore, as Southwestern Bell is doing in markets

in Texas, Kansas and Missouri, the publishers sell the pages to audiotex companies who then sell the ads to marketers. U.S. West is involved in a similar venture.

Mini-directories are being marketed by some utilities. Southwestern Bell, for instance, just began selling its "baby book," a shrunken version of the real thing, in book stores in Wichita, Kansas City and Lubbock. Retailing for \$6.95, the book is small enough to fit into a car glove compartment. That's important because Southwestern thinks its main customers will be cellular phone owners.

U.S. West is testing four-color display ads, full-page size down to one-quarter column. These can be printed anywhere in the book as they are on directory stock, not heavy or glossy paper.

Such experiments could mean a thaw in the publisher/advertiser Cold War. "The publishers are really looking at new opportunities to grow their businesses," says Ketchum's Steve Troy. "And that's good for us because, as long as we can do this in trial and it's inexpensive, we have everything to gain." ■

A CONVERSATION WITH ED SCHNECK

Ed Schneck is senior vice president of Wahlstrom & Co. (Foote, Cone & Belding's yellow-pages unit.)

On rate increases: "I see 1989 rate increases ending up at 6% and in 1990, probably 6% to 7%. Revenues are moving forward, but I don't think the industry has been growing as fast as it has for the last couple of years. There is some belt tightening. A fair number of clients are somewhat cautious in general, so in many cases yellow-pages budgets are holding the line or rising just with inflation."

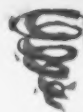
On yellow pages' image: "One of the positive things we see, in line with the changing perception of the medium, is more traditional media-planning capabilities are being applied to



yellow-page buying. That is very positive from the advertisers' perspective, because the medium can be bought more effectively. And it elevates their perception of the value of the medium."

On audited circulation: "Some publishers do the auditing in a market for a single year and feel that is sufficient to prove the delivery. That's absolutely crazy. Publishers say the cost is too prohibitive to monitor distribution of every single directory. But through valid research techniques, a sampling of directories would be sufficient."

"Home, Sweet Home": "Competition between publishers is definitely dying down and publishers are turning their attention elsewhere. It was a free-for-all, with 'Let's go here and let's go there.' I think they've had some tough times in the market. There seems to be more of a focus now on enhancing their product within their own regions."



WEATHERING THE COST CRUNCH

Though direct mail's strong growth and demand are threatened by sky-high costs, alternatives offer limited comfort.

by Rebecca Fannin

For direct marketers, there is only a short lull in the storm before the winds pick up again. Mailers are still complaining about the hit they took from the 25% cost increase in third-class postage last year, while they are bracing for another 30% postal hike in 1991. Catalog mailers are even gloomier: They are preparing for a 30% to 40% jump, according to Dick Barton, senior vice president of government affairs at the Direct Marketing Association.

Because of the cost squall, many direct marketers are avidly searching for viable alternatives to the mail box, such as direct-response television and print advertising. But the cost of these media are on the rise as well — largely because of increased demand. And prices for telemarketing, a third option, may no longer be a bargain as the dust from phone deregulation settles.

The threat of additional postage hikes remains top-of-mind for the majority of direct marketers, however, be-

cause most believe that no other medium is as effective. Indeed, in spite of the increase in postage, which accounts for 30% of direct mailers' budgets, revenues are projected to rise by another 10% during 1989 to \$23 billion. The number of pieces mailed has slowed down from double-digit rates, but is still advancing at a steady pace of 4% last year and 5% during the first quarter of 1989, according to Bob Coen, sen-



ior vice president at McCann-Erickson. Plus, mailers are trying harder than ever to reach only the best sales prospects.

For its part, the U.S. Post Office attributes the large cost increases to higher overhead costs associated with handling larger and larger volumes of third-class mail. Volume has soared from 38 billion pieces mailed in 1984 to 62 billion last year.

Meanwhile, efforts to skirt the post office with alternate delivery haven't proved efficient or effective yet. Jack Miller, president of the Quill Corp., one of the first experimenters with alternate delivery, reports, "It hasn't saved money. There needs to be a higher volume to make it efficient. You just can't push a button and have it operate overnight." Quill had tried private delivery in the Midwest. Still, because future rate hikes are practically inevitable, Miller says that Quill will continue alternate-delivery tests. The last hike cost Quill some \$3 million more, or 30% of the direct marketer's budget.

At General Foods, the postal hike hasn't hurt tests of direct mail as a way to deliver coupons. But marketing director John Kuendig says the company was forced to cut the number of mailings and to research the most likely buyers more carefully. "We hadn't anticipated such a large postal hike, but now we have budgeted for it," says Kuendig, who's in charge of a two-year test to see if coupons mailed for Kool-Aid and Country Lite get better returns than those in newspapers and magazines.

The postal hike has caused many direct mailers to be more squeamish, however, and more anxious than ever to look at media alternatives. Instead of renting names for mailing, direct marketers are placing tv commercials and print ads so that they can compile their own internal lists. Often, owned lists are more productive because the prospects have at least responded to either the marketer's tv or print ad first. "We find that an inside list works 300 to 600 times better than a rented list, but of course you have to spend money to get that list and then manipulate the data on it," says Howard Draft, chairman of the board at Kobs & Draft Advertising Inc.

"Direct mail has softened, and it's no secret that mailers are looking to television as a quick fix to get new customers," says Richard Sangerman, senior vice president at A. Eicoff & Associates, a large firm in direct response tv. This medium is also gaining popularity as direct marketers find that shorter-length commercials can pull. The standard used to be 120 seconds, says Lynn Fantom, executive vice president and general manager at Kobs & Draft. But she says that the agency is finding greater efficiency with 60-second spots and is making 30-second commercials work as reminder ads.

Direct response tv is a highly negotiated medium because the time is extra inventory, which the stations must fill with spots or lose money. Most time is bought in spot tv, cable and syndication. The price per spot is often set by determining what cost level and response rate will make the

program profitable. And cost is key. "The cost that we pay for the spot is the most important variable in seeing if a program will pay out," says Fantom. "Audience size is not nearly as important." She adds that the agency is buying a 60-second spot at one-half the cost of a typical 30-second commercial.

"We negotiate tv direct-response prices in every single case," tells Marianne Branda, senior vice president and media director at Grey Direct. "We are already so low that we are paying 20% of a negotiated 30-second spot."

The medium, however, could grow more expensive as increased demand jacks up the prices. "I don't think that's going to be a problem," denies Eicoff's Sangerman. He points out that growth of cable and syndication has freed a lot of additional air time.

Costs are also going up next year for direct response in print, another in-

Calculating Catalogs Sample Working Budget For 1989

CREATIVE

1 Prelim. roughs & dummies @ \$46/page	\$ 4,968
2 Copy wireframes @ \$142/page	15,336
3 Tight comp. layouts @ \$120/page	12,960
	Subtotal = 33,264 (3.4%)
4 Contingency reserve @ 15%	4,990
	TOTAL = \$ 38,254 (3.7%)

ART & PREPARATION

1 Mechanical art/proof @ \$69/page	\$ 7,344
2 Typography w/Arts @ \$79/page	8,532
3 Repros. position prints, etc. @ \$30/page	3,240
4 Line spots & decorations @ \$12/page	1,296
5 Photography (4 pix/page) @ \$238/page	25,704
6 Model fees (30 shots total) @ \$22/page	2,376
7 Color separations (4/page) @ \$253/page	27,324
8 Cromalin proofs @ \$80/page	8,640
9 Stripped print films @ \$26/page	2,808
	Subtotal = 87,264 (8.9%)
10 Contingency reserve @ 7.5%	6,545
	TOTAL = \$ 93,809 (9.0%)

PRINTING & BINDING

1 250M catalogs (first quarter) @ \$248/M	\$ 62,000
2 Black plate changes (2) for price test @ \$800/net	1,600
3 500M catalogs (third quarter) @ \$227/M	113,500
4 1MM catalogs (fourth quarter) @ \$221/M	221,000
5 Orderform key changes (117) @ \$48 net	5,616
	Subtotal = 403,716 (41.1%)
6 Contingency reserve @ 2.5%	10,093
	TOTAL = \$ 413,809 (39.6%)

MAILING LISTS

1 Ctg buyers w/selects, 1536MM gross @ \$82	\$125,952
2 Subs. active & exp. w/selects, 525M gross @ \$51	26,775
3 Compld. files w/selects, 210M gross @ \$48	10,080
4 Allowance for duplications @ avg. 12.5%	(20,351)
	Subtotal = 142,456 (14.5%)
5 Contingency reserve @ 5%	7,123
	TOTAL = \$ 149,579 (14.3%)

COMPUTER PROCESSING

1 Reformatting, data conv. etc. @ \$4M	\$ 1,226
2 Merge/purge dupe elim. @ \$715/M	16,238
3 Code and run ches labels @ \$393/M	6,878
4 Misc. reports and analyses net cost	1,500
	Subtotal = 25,842 (2.6%)
5 Contingency reserve @ 10%	2,584
	TOTAL = \$ 28,426 (2.7%)

LETTERSHOP PRODUCTION

1 250M catalogs (first quarter) @ \$1715/M	\$ 4,288
2 500M catalogs (third quarter) @ \$1575/M	7,875
3 1MM catalogs (fourth quarter) @ \$1455/M	14,550
	Subtotal = 26,713 (2.7%)
4 Contingency reserve @ 7.5%	2,003
	TOTAL = \$ 28,716 (2.8%)

POSTAGE

1 First class, 3 lots of 10M @ \$710/M	\$ 21,300
2 Bulk rate, 172MM @ avg. \$105M	180,600
	Subtotal = 201,900 (20.6%)
3 Contingency reserve @ 10%	20,190
	TOTAL = \$ 222,090 (21.3%)

ALLOCATED FEES

1 Consultant(s) development—100 hrs @ \$125	\$ 12,500
2 Consultant(s) oversight & review—180 hrs @ \$88	15,840
3 Consultant(s) fulfillment & systems—290 hrs @ \$75	21,750
4 Est. travel, phone, express chgs, other expenses	10,000
	Subtotal = 60,090 (6.1%)
5 Contingency reserve @ 15%	9,014
	TOTAL = \$ 69,104 (6.6%)

GRAND TOTAL = \$ 1,043,787 (100%)
GRAND TOTAL (less contingency reserves) = \$ 981,245 (100%)
CPM (with contingency) = \$ 596.45
CPM (without contingency) = \$ 560.71

Source: Steel Agent, direct marketing consultant with Agent & (J) Steel & Co.

* Agent notes that 1989 budget figures are stable compared with 1988.

creasingly popular alternative to the mail box. "We are seeing increases of 7% to 8% for space advertising," says Howard Lelchuk, senior vice president and executive media director at Ogilvy & Mather Direct.

For the majority who remain loyal to the mail, however, the trend is to circumvent postal increases by turning to pre-sorting of envelopes and packages. Third-class charges \$167 for 1,000 items, but if those are sorted by a five-digit zip code before mailing, the cost drops to \$162. It drops considerably — to \$127 — if the five-digits are supplemented with four others to pinpoint the geographic area more specifically. If the sorting is done to correspond with mail carriers' routes, the price is reduced to \$101. "This discount is really important, and most mailers are trying to work with it," says Fantom at Kobs & Draft.

Major increases are not foreseen for the list-rental business, however, which is direct mailers' second-largest

LEADING U.S. COMPANIES RANKED IN WORLDWIDE SALES THROUGH MAIL ORDER

Company	Mail-order Sales (millions)	Sales Segment
1. United Services Automobile Association	\$ 2,180.4	Insurance
2. Time Inc.	1,997.1	Books, magazine subscriptions, cable tv
3. Sears, Roebuck & Company	1,596.7	General merchandise, insurance, auto clubs
4. Tele-Communications	1,468.0	Cable tv
5. GEICO	1,429.6	Insurance
6. Reader's Digest	1,420.0	Books, collectibles, general merchandise, magazine subscriptions
7. Otto Versand	1,384.1	General merchandise, sporting goods, apparel
8. PrimERICA	1,145.5	Audio-video, food, gardening, general merchandise, insurance
9. AT&T	1,132.2	Business services, consumer electronics
10. American Cable & Communications	1,066.8	Cable tv

Source: "1988 Guide to Mail Order Sales," Marketing Logistics Inc., Lincolnshire, Ill.

A CONVERSATION WITH HOWARD LELCHUK

Howard Lelchuk is a senior vice president and executive media director at Ogilvy & Mather Direct.

On costs for next year and the impact of the postal increase: "I don't think we will see an inflationary spiral of 10% to 12%. Because of the major increase in postal costs, suppliers are holding costs. They know that direct mailers won't be able to absorb other large increases."

On the impact of the postal increase: "Our clients are spending the same amount for direct mail, but they are mailing a lesser amount. The rates went up by more than 20% and postage is one-third of direct mailers' costs. So that becomes a 9% increase in the budget. No one had anticipated a postal hike of that magnitude."

On list rental costs: "This has been stable for the past few years.



Next year, we may see some kind of increase, perhaps 2% to 3% for 1,000 names. The average cost for 1,000 is about \$75. But list rental is a smaller part of the budget, not like paper and postage."

On the supremacy of the mail box: "In this age of targeting, there

is nothing better than direct mail. You can't pinpoint the target as much with other media. For instance, if you are using *Working Mother*, you can't guarantee that you will be reaching only working women with children — other people may be reading it. But if you rent a list that specifies that criteria, you can mail to them directly by name and address. There is more and more demand to segment lists further and find out more about the customer first."

On space advertising and direct-response television: "We're seeing increases of 7% to 8% in magazine space, which follows the charges in general advertising. A lot of our additional billings have gone into direct response television, but I don't think there will be an inflationary spiral of 10% to 12% rate increases. This medium is highly negotiable."

item on the budget. List managers say they fear that any additional charges beyond the large postal hike will put direct marketers out of business. "We want to create a little calm in this scenario," says Ralph Stevens, president of the list-management firm Woodruff-Stevens Assocs.

Another major reason, however, is that the list-rental business is only beginning to recover from a serious slide. Last year, list rental dropped by 40% to 50%, according to *DM News*, a trade publication. "We don't want to make it worse by adding more increases," acknowledges Stevens.

Direct marketers are frustrated that very few new prospective customers are being added to lists. "The names aren't flowing as they should, and it's tough to get fresh names," says Michael Fisher, a vice president with the Fingerhut Corp., which sells office furniture by direct mail. Fingerhut's strategy is to milk existing names and spend more in print ads to generate new ones. Prospecting outside the lists has grown from 13% in 1980 to 59% today.

There's also a drive to get more information about customers in the mail file. But adding demographic and psychographic factors to the names costs money. "You can usually rent names for about \$75 per 1,000, but when you begin adding on these selective criteria, it costs \$5 to \$10 more per CPM," says O&M's Lelchuk. "That is a big premium," he points out.

Some bargains can be enjoyed in list rental, however, as list managers begin to negotiate prices. Donn Rappaport, chairman of the American List Council, says mailers are negotiating for reduced costs when using the same list more than once. For example, a list that cost \$90 per 1,000 could be priced at \$60 for the second or third effort using the same names, Rappaport says. Bargaining is also occurring in net-name arrangements. Mailers are often charged for 85% of names even though some may be useless because they are duplicates from other rented lists. But this year, the American List Council has begun charging mailers a reduced percentage for those duplicate names.

Not all mailers intend to go along

with this practice, however. Shell Alpert, a direct marketing consultant with Alpert O'Neil Tigre & Co., points out that mailers are often reluctant to begin negotiating in an area that is so critical to their business.

"There is a lot of negotiating going on, but our prices will be firm," affirms Donald Wood, senior vice president at Donnelley Direct, with a list reaching 83 million households. Wood says rates next year should be 5% higher, but he doesn't believe the increase will hurt Donnelley's business.

Paper, another large cost factor for direct mailers, should be only a minor worry next year. Two increases in the 5% range were absorbed during 1988, but this year was calm. Only a 3% hike is foreseen for next year.

Other minor cost items in direct mailers' budgets should be stable. Alpert says printing, lettershop and creative costs should barely rise during 1989. But beware: Specialty printing jobs should cost 10% more next year,

and creative charges will soar by 20% in 1990, predicts Alpert.

As for marketers using the phones to obtain customer orders, prepare for a change. "The new competition to AT&T has kept prices low, particularly long-distance rates," says John Adams, president of Dial America Marketing, a major firm handling outbound calls for nearly 100 clients. "But I don't see too many more savings to enjoy over the next year. I think rates will be going up a little bit in 1989." Dial America Marketing charges \$30 an hour for manning the phones and renting phone lines.

Rates could also rise next year and beyond as a new development, automatic calling machines, become widespread. These machines call numbers at random until there is an answer. Then either a live operator or a recorded message plays advertising. "I think we will have to charge more for these because they will be more effective," says Adams. ■

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BRAND REPORT

NO. 163: SPORT/UTILITY VEHICLES

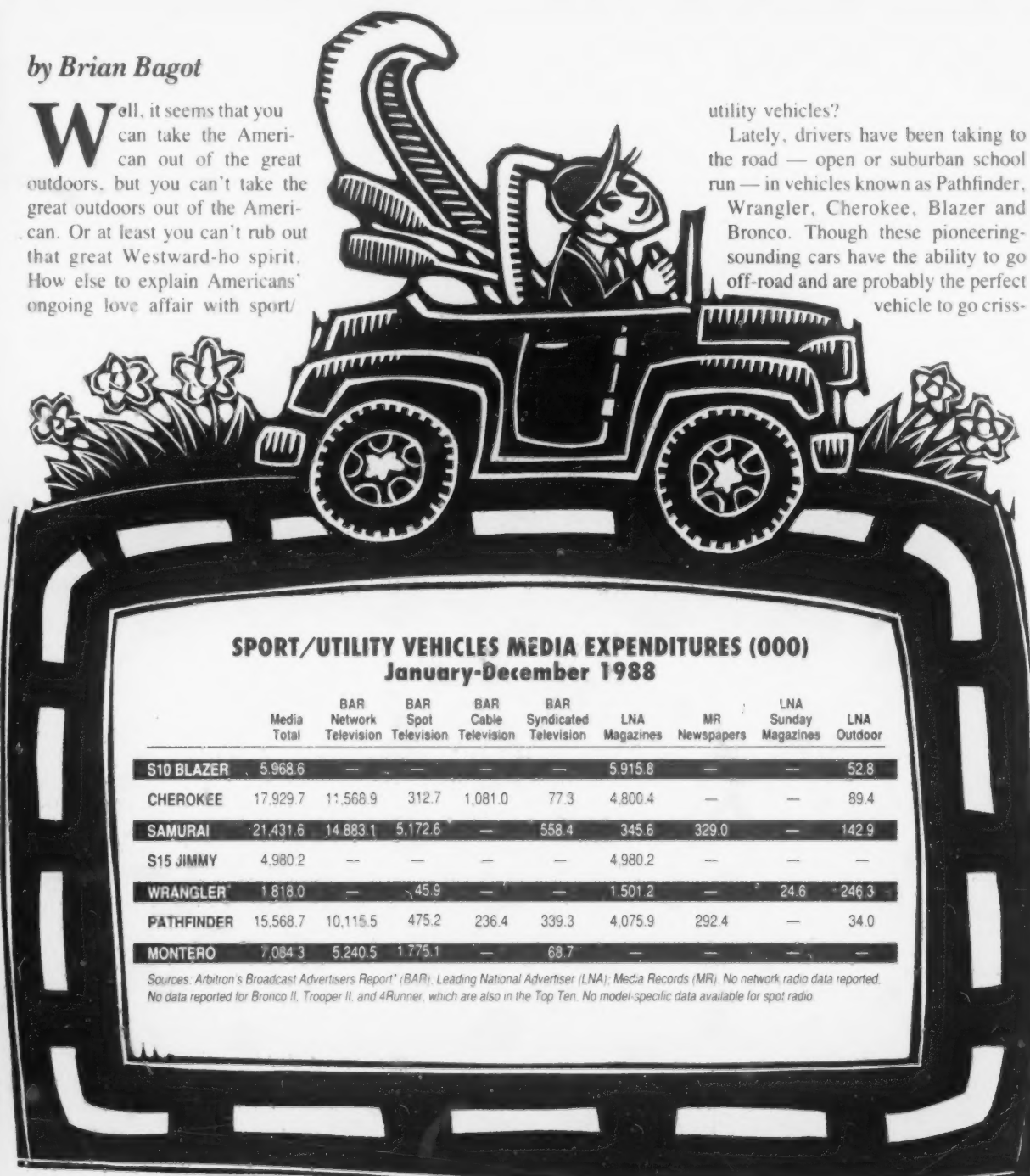
URBAN COWBOYS

by Brian Bagot

Well, it seems that you can take the American out of the great outdoors, but you can't take the great outdoors out of the American. Or at least you can't rub out that great Westward-ho spirit. How else to explain Americans' ongoing love affair with sport/

utility vehicles?

Lately, drivers have been taking to the road — open or suburban school run — in vehicles known as Pathfinder, Wrangler, Cherokee, Blazer and Bronco. Though these pioneering-sounding cars have the ability to go off-road and are probably the perfect vehicle to go criss-



crossing the Baja, it's obviously a more romantic than realistic notion. Last year, about 750,000 of these so-called sport/utility vehicles were sold, but only 10% make it off-road. It's the thought that counts, say the happy manufacturers, and that's what they're marketing — an image vehicle that does what a car can do, and more.

"The primary explanation for their growth is that they have become the new image vehicle," agrees Chris Cedergren, forecast manager for J.D. Powers & Associates. "The fact that it has four-wheel drive gives the prospective buyer a feeling, or it exudes an image that he is more adventuresome."

Manufacturers and other industry watchers add that SUVs conjure up a lifestyle image best described by adjectives such as active, adventurous, rugged and macho, even though they're mostly driven around town. And that image of four-wheelin' through valleys and streams is not just limited to men. The female market is putting the pedal to the metal and making up about one-third of the primary SUV drivers. This number is projected to reach 50% in the next several years.

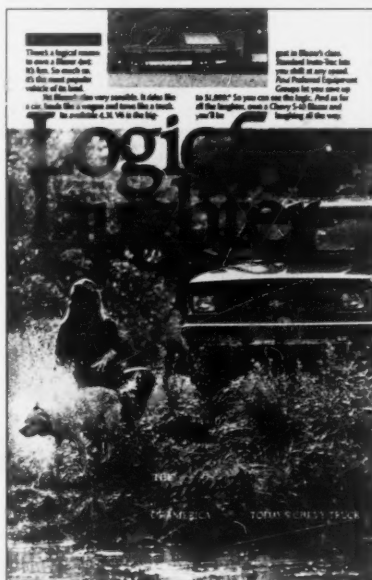
As Joseph Bohn, truck and recreational vehicle editor for *Automotive News*, points out, "Women feel safe in them because they have four-wheel-drive traction, and they feel more comfortable driving them in the winter." Besides the practical standpoint, Don Ceconi, advertising manager of trucks for Toyota Motors USA, explains, "Women have more pragmatic needs, but they still like to drive a vehicle that projects the image that they're out of the ordinary, that they're special and active people."

Recognizing that the category has been fueled by upscale, active lifestyle-oriented, college-educated couples, aged 25-49, some with children, who don't drive the vehicles off-road, producers are looking to accelerate sales by offering more car-like features. The vehicles are defined as trucks but are geared for comfort and luxury with toned-down suspension systems to soften rides, electric windows, automatic transmissions, CD players and other creature comforts that are leaving the traditional off-roader in the dust.

And it's here that the marketing trail comes to a fork, with advertisers taking

separate routes to reflect a lifestyle that appeals to the target demo. Some producers, like Jeep, whose leader, Cherokee, comes in number two in the ranking with about 150,000 units sold last year, use a rugged outdoor theme, while a Ford Bronco II tv ad targets women in a more urban setting. Bronco pulls into the category at number three, with approximately 124,000 units sold last year, according to J.D. Powers.

Many of the ads emphasize the fun of owning an SUV and tie their vehicles in with various promotions associated with an active lifestyle. Recently, Chevrolet ran cross-promotions with Skiview and the American Skiing Association, where they co-sponsor on-



Chevy is enhancing lifestyles with its S-10 Blazer.

site races and other activities that demonstrate the capabilities and versatility of the Blazer. Chevy's S-10 Blazer leads the pack with 185,000 units sold last year, according to Powers.

The media schedule is also pretty mixed, ranging from traditional off-road and car buff books to *Cosmopolitan*, *Better Homes and Gardens* and *Gourmet*. Television, unlike print, targets a wider demo, with most flights running on network prime, spot and evening fringe. But recognizing that about 74% of the buyers are male, heavy emphasis has also been placed on sporting events.

As families move more into this

market, all the leading makers of SUVs are planning to offer four-door models for the '90 editions. Currently, Cherokee has been able to get a virtual lock on this segment because of its four-door offerings.

The SUV market is broken into three size categories — full size, compact and sub-compact — with most of the action in the compact group led by the Chevrolet S-10 Blazer. In addition to being the most active, it also has the widest price spread. A Blazer can cost anywhere from around \$12,000 to the mid-twenties. The sub-compact category is relatively new but growing, primarily because of the attractive price range that starts around \$8,000. Vehicles in this range include the Jeep Wrangler, Geo Tracker, Suzuki Samurai and Isuzu Amigo. Full-size SUVs are harder to handle and too large to be considered a family automobile, although the Range Rover, a British import, is considered a status vehicle, with a price tag that averages around \$35,000. According to *Automotive News*, only about 3,427 Range Rovers were sold in the U.S. last year.

Pretty much the entire category got into a collision last year with *Consumer Reports*, which published several stories about SUVs and roll-overs. The article particularly singled out the Samurai and Bronco II, although the Ford never rolled over in the testing. However, the public viewed all this with all the concern given to a fender bender, and the category's popularity continues. Except for Suzuki's \$2 million campaign to counter the *Consumer Reports* story, makers of SUVs have shied away from mentioning safety, one way or the other, and attribute the roll-over accidents to driver error.

Following is a closer look at how the leading SUVs in unit sales, as ranked by J.D. Powers, are accelerating up the marketing mountain.

Chevrolet S-10 Blazer

The Chevy S-10 Blazer four-wheeled its way to the top of the category last year with about 185,000 units sold, according to J.D. Powers.

With the full-size Blazer being one of the early models in the category, the S-10 has been positioned as an evolution in the category, according to Patrick Burke, assistant manager of truck

merchandising for Chevrolet Motor Division. And with its car-like options that include tilt steering wheel, power windows and locks and reclining front bucket seats, the company is targeting first time truck buyers who are trading in cars for versatile vehicles with a slicker image than station wagons.

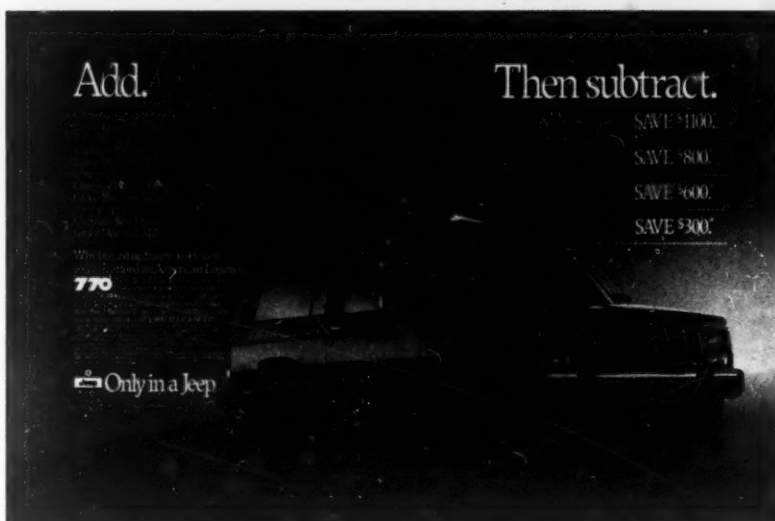
Chevy will offer a four-door S-10 for '90 as it tries to flag down active families and potential Cherokee buyers. The price tag will be in the \$20,000-\$23,000 range.

In a multi-media campaign from Lintas:Campbell-Ewald that cost nearly \$6 million in 1988, according to Leading National Advertisers, Chevy is taking the same creative approach as the "Heartbeat" tv commercials. That translates into ads characterized by quick cuts that depict lifestyles with the product. "It's really marketed as one of our automobiles, instead of the aggressive advertising we're doing with our trucks on the pick-up side," explains Candace Robbins, advertising manager for trucks. "What we try to show is that they enhance your lifestyle."



Support America's colleges. Because college is more than a place where young people are preparing for their future. It's where America is preparing for its future.

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Jeep's rough-and-tumble image can be softened by a variety of cozy options.

Most of the tv spots ran in prime-time on shows such as *L.A. Law*, *Family Ties* and *Head of the Class*.

For print, the versatility of the vehicle is also emphasized in both off-road and street scenes. Magazine titles are diverse and include *People*, *Life*, *Car & Driver*, *Snowmobiler*, *House & Garden* and *Homeowner*.

With a base price for the four-wheel drive of \$13,700, competition for the S-10 is primarily Ford's Bronco II. But Nissan, Isuzu and Toyota are growing in the segment.

Jeep Cherokee

Jeep is so entrenched in four-wheel drive that it has just about become a generic term. It is on this tradition that the Chrysler division is building with its Cherokee line. Last year, the company sold 150,000 units, giving it about 22% of the SUV market.

The current theme, "Only in a Jeep," builds on the heritage but also stresses some modern technological advantages like full-time, shift-on-the-fly four-wheel drive and the most powerful engine in its class at 177 horsepower.

It's a "fact and emotion" approach, explains David L. Kerr, national advertising manager. As an example he points out that the tv copy is about what Cherokee offers, but as the commercial ends the Jeep goes off into a country or fun situation.

Cherokee is where Jeep's major ef-

fort is placed. Last year, about \$18 million was invested in the line, according to LNA. The campaign targets adults in the 25-49 age group, with household incomes around \$60,000, who are participants in outdoor recreation. "With Cherokee, specifically, we want to provide national coverage in our advertising," says Kerr. "We run consistently throughout the year, directed toward adult, upscale audiences."

The media mix is about 75% tv to 25% print, with prime-time balanced out with sports programming. Jeep is also tied into sports by being the official vehicles of the National Basketball Association, putting Jeep on every televised game by CBS and TBS, including the NBA championships.

Print for Cherokee cost about \$6 mil-



Ford will be placing more emphasis on the female market.



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A record-breaking retail year for many Harrisburg area stores was complemented by ground-breaking for a new Hilton convention and hotel complex, a major bank tower building, both part of the downtown's famous square, and the restoration of a third of the downtown retail space as part of the Phase II opening of Strawberry Square, a shopping-office complex.

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lion, according to LNA, and includes a diverse mix of titles, such as *4-Wheel & Off Road*, *Fortune*, *Forbes*, *Golf Digest* and *Golf Magazine*. Women are targeted also, with limited runs in *House & Garden* when funds are available, says Kerr. William Esty handles the creative and media buys.

The Cherokee is in the top-end of the market, with several price ranges available. The Limited is about \$22,000-\$25,000, while Laredo is in the high teens and the Pioneer comes in at about \$1,000 under that. A sport model is available for about \$16,300.

Ford Bronco II

Already, 35% of the Ford Bronco II's principal drivers are women, a stat which is expected to hit 50% once the four-door model comes on stream in '90. Ford is hoping to top its 124,000 Bronco II sales by tapping deeper into the female market and emphasizing the versatility of the Bronco II.

"The female market will become our target, and we'll be stressing some of the creature comforts of the vehicle," says Beryl Stajich, compact-truck marketing plans manager. "A woman can use the vehicle for around-the-town errands and shopping, but she can also use it for a trip to the golf club or a weekend ski trip into the mountains. Those are some of the things we'll be highlighting in our advertising campaign," he reveals.

As an example, one commercial from J. Walter Thompson has two men admiring a Bronco II parked in the general manager's space in a business lot. Their comments show they assume the owner is male, but the female general manager walks on screen and drives the Bronco away.

Although it's too early to talk about placement for the upcoming season, previous flights ran on major prime-time exposures, including *War and Remembrance*, *NFL Monday Night Football* and other sporting events.

Print titles included *Sports Illustrated* and *Cosmopolitan*, as well as the newsweeklies.

In addition to skewing a number of its ads towards the female market, the Bronco II will have a step-in height that's about three inches lower than current models to accommodate women drivers.

In the race to drive away with the young, upscale consumer, Bronco II's primary competition is the S-10 Blazer from Chevy. Ford's four-wheel drive model is also about \$1,200 less, with a base sticker price of \$12,500. The two-wheel drive Bronco II starts at \$11,000.

Suzuki Samurai

Although it was dubbed the Suzuki Kamikaze after a July '88 *Consumer Reports* story that concluded the Samurai had a propensity to roll over under certain driving conditions, sales for the vehicle were strong enough last year to place it at number four in the ranking. This also meant it was the largest selling sub-compact SUV, with 54,000 units sold. Initially, though, sales were negatively affected when the report came out. The Samurai normally sold about 7,000 units a month, but soon after the article, only about 2,000 vehicles a month were being carefully driven off the lots. But aggressive sales tactics, notably deep price cuts and a \$2,000 price discount program to dealers, brought sales back to respectable levels. One factor that helped turn around sales, according to a Suzuki spokesperson, was a report from the National Highway Traffic Safety Administration division of the Department of Transportation that seemed to exonerate the Samurai.

Suzuki also poured \$2 million into a defensive ad campaign. Created by keye/donna/pearlstein, the ads featured positive reviews from automotive magazines, such as *Car & Driver*, and departed from the "Never a dull moment" theme to help quell consumers' fears.

With a base price of \$8,495 for the soft top, the Samurai is positioned in the market as a fun, economical and practical vehicle either for the first-time

**Suzuki Samurai's
collision with
Consumer Reports
barely dented
the category.**

car buyer or the the sport/utility enthusiast aged 18 to 34. Its competition is primarily the new compact SUVs, such as the Isuzu Amigo and Geo Tracker in the \$8,000 range. The Jeep Wrangler is a step up in terms of price and more in line with the Sidekick, a more upscale companion of the Samurai.

Media expenditures for the Samurai in 1988 totaled \$21.4 million, according to LNA, and included \$11.6 million on network tv and \$5.6 million in magazines, which included outdoor enthusiast and car-buff books.

Nevertheless, the cloud of doubt still hangs over the Samurai. For the last nine months, most of the marketing effort has been placed on two new products, the Sidekick and the Swift, a high-performance mini-car. The reason for the shift, according to the spokesperson, was that "in most consumers' minds, the name Suzuki was synonymous with Samurai, so what we've had to do for the last nine months is sort of back-peddle and try to make the name Suzuki synonymous with other products, like Swift and Sidekick."

In addition, keye/donna/pearlstein is up for review, but is expected to continue through the summer.

Isuzu Trooper II

With its four-door Trooper II already on and off the road, Isuzu is running head-on into Cherokee with a comparison commercial. The "Weigh the Facts" spot from Della Femina, McNamee WCRS has the two vehicles on a see-saw, with an Isuzu spokesman (not Joe) going through several pros for buying a Trooper II. When he points out that the Trooper II is about \$1,000 less than Cherokee, the see-saw tilts in the Trooper's direction and catapults the Jeep to a crashing fate off screen.

The commercial, which runs during prime and fringe on all the networks and is backed up with heavy spot, is aimed right at consumers seriously considering one of the two vehicles, according to Leon Rosen, national marketing manager for American Isuzu Motors Inc. And it's this strategy that's going to play a big part in the next campaign to "more finely target our audience," says Rosen, who adds that they're after more upscale owners of expensive European or Japanese cars.

"The market that's growing for us is the young marrieds with kids, and what we're going to do is get a little more aggressive in our positioning," he says.

The print schedule for the '89 model, which covers a wide base but is skewed pretty much toward the male reader, includes *Sports Illustrated*, *Time*, *Newsweek* and *U.S. News & World Report*. But realizing that women are a growing segment of the market, Rosen notes that the '90 game plan calls for possible runs in some of

the shelter books, though he could not give titles. The print theme stresses the Trooper's versatility that comes with four-wheel drive and 72 cubic feet of cargo space.

Last year Isuzu went after the ski market by sponsoring the Women's Pro Ski Tour, and plans call for another year of sponsorship. "This covers the Snowbelt part of the country, which is our biggest Trooper market," states Rosen. The promo tied in with *Ski* and *Skiing* magazines.

The competitively priced Trooper II

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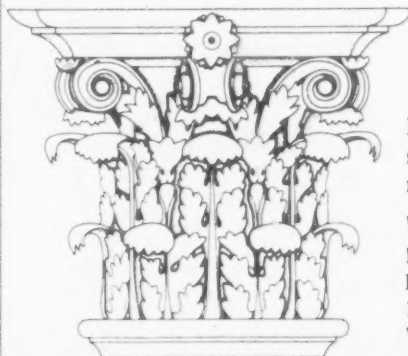
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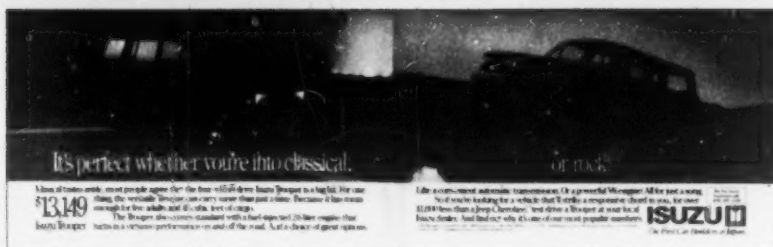


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Isuzu's two-page spread shows the versatility of the Trooper.

starts at \$11,000 and goes to \$19,000 fully-loaded with V6 automatic engine and all the whistles and bells that can be rung. Sales topped 60,000 last year.

GMC S-15 Jimmy

GMC, noting that 38% of the 45,000 S-15 Jimmys sold last year have female primary drivers, is concentrating heavily on this segment. "Last year was our first attempt at focusing on female buyers, and we've done that in print advertising in the women's service books. This year we'd like to go a little deeper," says Ed Messenger, light truck advertising manager for GMC. Titles include *Better Homes and Gardens*, *Good Housekeeping* and *Working Woman*. Messenger adds that *Cosmopolitan* and *Glamour* are up for consideration. Print consumed 69% of the budget, according to Messenger.

The one print execution by McCann-Erickson/Detroit depicts an affluent lifestyle, with the S-15 Jimmy in front of a large house. "It's portrayed as a fun vehicle and a vehicle that will en-

hance the buyer's lifestyle," notes Messenger.

A tv strategy for the 1990 model year has not been developed yet, but last year's campaign included spot market buys and network cable in the top 30 markets. Budget restrictions kept network out of the picture. "Right now there's not too much we can do besides product changes. And we're too close image-wise to Chevrolet, whose advertising is going to dominate people's minds, so we're really looking towards product feature changes and product changes to move our image," explains Kim Nielson, market research administrator for GMC Trucks. He would not comment on what product changes would be made.

But looking ahead to the new model year, GMC is cranking up to take off after Jeep Cherokee with its new four-door model. More print executions are planned, as is a direct-mail campaign.

With 45% of its buyers 18-to-34 years old, 37% in the 35-to-49 group and a price range of \$13,000 to \$18,000, the S-15 Jimmy is looking at stiff competition from the S-10 Blazer, Bronco II, Trooper II, Montero and 4Runner.

Jeep Wrangler

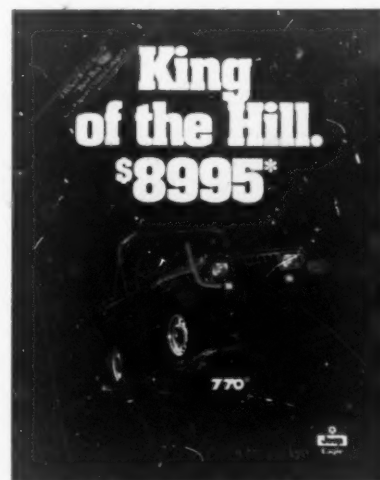
The Jeep Wrangler, the vehicle that most closely resembles what people think of as a Jeep, is targeted to a much younger group than the more upscale Cherokee. In print, it's the 18-to-24-year-old group with an individual income of \$25,000, while broadcast is a wider age spread that reaches up to the top of the demo with a \$40,000 income. "It's a younger group of people buying a less expensive car," explains Jeep's Kerr. And with a base price of \$8,995, Jeep corralled 43,000 Wrangler buyers in '88.

To do this, the company has main-

tained major programs in 16 large markets, including New York, Miami, Orlando, San Francisco, Philadelphia, Chicago and Los Angeles. These markets account for 65% of Wrangler's sales.

Unlike most of the others in the category, Jeep has used radio, primarily contemporary and rock formats, to get sales of Wrangler rolling along. "That's one of the advantages with radio -- we can target a lot more and hit the young people solidly," says Kerr. Jeep took a unique approach to matching up its four commercials from William Esty to the format. Station program managers were allowed to decide what commercials should run. "This went over extremely well," says Kerr. "We got a lot of letters saying that this was the first time anybody had ever asked their opinion on how to run the advertising."

Radio will be traded off for tv next



Jeep's sporty, less expensive Wrangler targets a younger demo.

year, a medium it's not been on for the past two years because of limited funds. The mix for the '90 model year should be 70%-75% tv, with the rest going to print.

The print approach will be lifestyle-oriented in books such as *Skiing*, *Sports Illustrated*, *Us*, *Premiere*, *People*, *Vanity Fair* and *GQ*.

The creative thrust for the past two years has named Wrangler "King of the Hill" as it tries to fend off throne-vaulters that include Samurai, Sidekick, Geo Tracker, Montero and Isuzu Amigo.



Women's books make the list for GMC's Jimmy.

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MARKETING & MEDIA DECISIONS

Nissan Pathfinder

With last year's "Road to Rio" campaign showing a suburban Chicago couple taking the high and low roads to Rio de Janeiro in a Pathfinder, Nissan hit an adventurous chord with SUV buyers and brought its sales to the 30,000 unit mark, according to J.D. Powers. But John Rinek, national advertising creative manager for Nissan, thinks the sales could have been even higher if the campaign, created by Chiat/Day/Mojo, ran all year. "We had an instant sales increase and prevailed for a number of months," he says. "We will be much more consistent throughout the year in advertising the Pathfinder."



Nissan tracked a couple and their Pathfinder on the rocky road to Rio de Janeiro.

The car's \$16,000-\$21,000 range puts it in the upper end of the category as Nissan targets the upscale consumer against Cherokee, 4Runner, S-10 Blazer and the Bronco II.

The marketing thrust for the '90 model will be on the four-door version targeted to adventurous families as the vehicle replaces the more conservative station wagon. "It's their orientation and their lifestyle that are the key buying determinants in this area," says Rinek.

The print campaign, which cost about \$3 million according to LNA, plays on this sense of adventure and

shows the Pathfinder in off-road use that demonstrates the potential of the vehicle rather than in a suburban setting. "Even if they never drive off-road, that's the imagery the consumer is buying into," says Rinek. Titles tend to be primarily enthusiast magazines, such as *Skin Diver*, *Car & Driver* and *Boating*, but also included *GQ* and *Condé Nast Traveler*.

Tv commercials ran on spot, cable and syndication, but the bulk of the \$15.6 million total last year, according to LNA, went to network, which ran up a tab of \$10 million. Flights ran on *NFL Monday Night Football*, college football, *Cheers* and *thirtysomething*.

Toyota 4Runner

Toyota is focusing its efforts on the four-door segment, with its 4Runner coming in a little under the Cherokee with a base price ranging between \$15,458 to \$17,998. With added options like air conditioning and CD player, the price tag can go into the high twenties.

The four-door is targeted pretty much to young, well-educated marrieds looking for an adventurous image in everyday driving, while the two-door is slated for single males.

The marketing strategy, according to Don Cecconi, advertising manager of trucks for Toyota Motors USA, consists of a "pretty solid program of network television buys." The mix also includes spot tv and magazines that include regional books, *Newsweek*, *Time*, *Esquire* and *Sports Illustrated*. Women are also targeted, particularly with the four-door model, in *Bon Appetit* and *Country Living*.

"This shows we're broadening out a little bit from traditional truck coverage. Women are a driving force in this market, and they see the need to project a special kind of image as well as men do," states Cecconi.

The print campaign from Saatchi & Saatchi DFS Pacific helped move 29,000 4Runners last year. It shows the vehicle off the beaten path and projects an adventurous lifestyle. The copy also points out Toyota dependability, V6 power and car-like amenities.

Mitsubishi Montero

Down on the bottom of the ranking by unit sales, with 9,000 sold in 1988

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MARKETING & MEDIA DECISIONS

TOYOTA [illegible]

Getting you back is ours.

Introducing the 4Door 4Runner

With runs in Bon Appetit and Country Living, Toyota branched out from traditional titles.

and 5,200 through May '89. Montero has a long haul to reach the number-nine spot. But the road ahead looks smoother, according to Mike Nash, vice president of marketing services for Mitsubishi Motor Sales of America, who blames the slow sales on the automaker's preoccupation with two

other autos — the Eclipse and Gallant. "It's just where it sits in the priorities," claims Nash. "And it will get a definite lift next year. Mitsubishi had four great products this year, and when you're a 170,000-unit company, there are only so many bucks you can spend."

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MITSUBISHI
MONTERO

For sale: Mitsubishi's Montero, with a view.

way we've been using newsweeklies to communicate that we have this vehicle on the market."

One commercial that's in the planning stages will take place in an affluent suburb, with a father washing his Montero and his daughter grooming her horse to create a contrasting workhorse/showhorse image for the well-rounded vehicle, according to Mike Nash. "It's a very upscale thing, and I think that's really the positioning of it," he says of Montero's message. ■

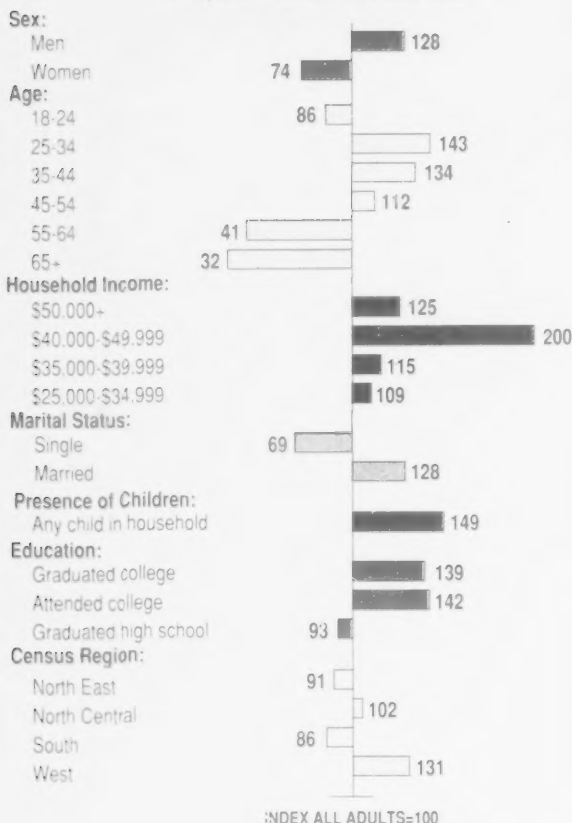


BRAND REPORT INDEX

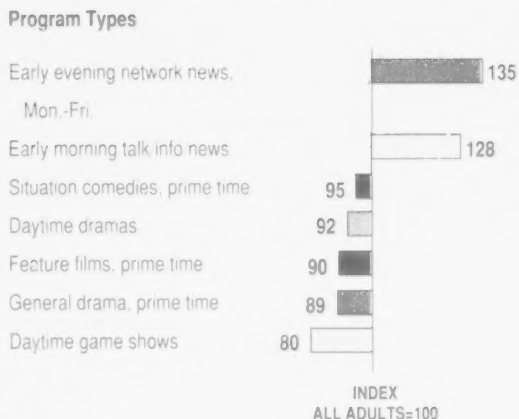
SPORT/UTILITY VEHICLES

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

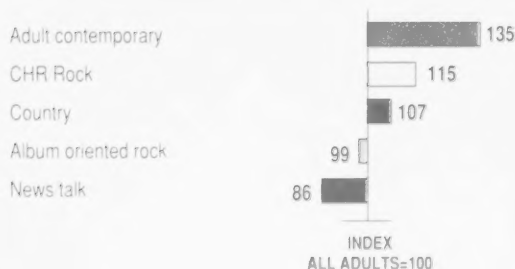
KEY DEMOGRAPHICS OF SPORT/UTILITY VEHICLES



VIEWING OF TV PROGRAM TYPES AMONG SPORT/UTILITY VEHICLE OWNERS

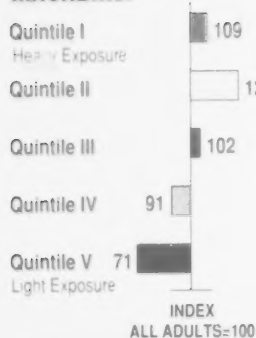


RADIO LISTENING—FORMATS

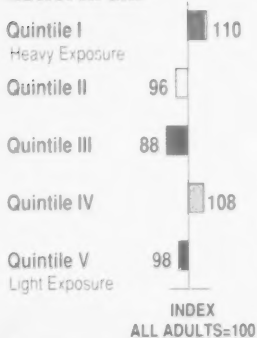


MEDIA EXPOSURE AMONG SPORT/UTILITY VEHICLE OWNERS

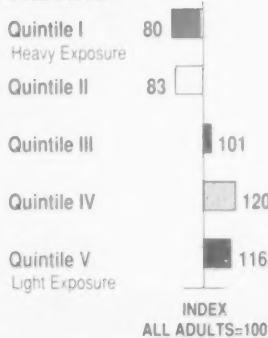
MAGAZINES



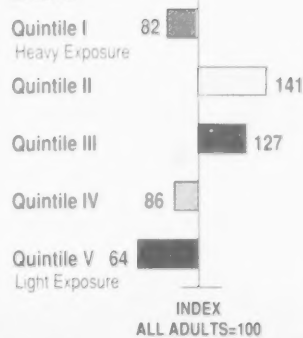
NEWSPAPERS



TELEVISION



RADIO



ECONOMIC EYE

WIRED

To no one's surprise, cable penetration showed continued growth in May. According to Nielsen, 50.2 million U.S. households (55.6% of the country) are now cable ready. Ten years ago only 18.8% of U.S. households, excluding Alaska, were wired for cable. Cable penetration had reached 42.5% in 1984.

MAGAZINE AD SCORECARD

	Ad Pages June 1989	% change from June 1988	Dollars spent ('000)	% change from 1988
1. Skin care, Creams, Lotions and Oils	208.37	106.9	8,029.3	163.7
2. Lip and Eye Beauty Products	88.31	-20.2	3,595.6	-22.8
3. Scents and Fragrances	53.66	-61.6	1,550.3	-54.9
4. Facial Makeup Products	61.88	14.4	2,389.9	39.4
5. Prepared Dinners and Entrees (including pizzas)	21.65	31.6	1,565.8	28.2
6. Liquor	419.95	-6.0	18,592.4	-2.9
7. Cigarettes	622.91	3.2	32,349.3	6.7
8. Soaps and Detergents	44.31	3.3	3,623.7	28.8
9. Passenger Cars, Domestic	597.50	8.3	28,386.7	33.6
10. Passenger Cars, Imported	580.84	19.0	28,331.2	4.00

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

	1988								1989							
	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	Apr.	% change
Network TV																
Daytime	146	+60	82	-16	80	-14	73	-10	77	-17	68	-15	68	-15	72	-7
Nighttime	118	+11	114	-9	113	-2	109	-2	122	+8	120	-19	125	+11	112	+13
Spot TV																
Prime time	141	+14	128	+6	104	+3	129	+5	141	+10	127	-2	125	-4	-	-
Daytime	107	+4	106	-5	102	-10	99	-6	116	-5	120	+11	97	-1	-	-
Network radio	112	+5	131	+8	125	+10	119	+12	158	+8	142	+10	139	+15	128	+10
Spot radio	105	+2	-	-	-	-	110	-3	-	-	-	-	118	+12	-	-
Consumer magazines	116	+6	115	+5	118	+6	119	+6	122	+6	122	+6	122	+6	122	+6
Natl. Sunday magazines	130	+10	130	+10	130	+10	130	+10	129	+10	129	+10	129	+10	129	+10
Business publications	118	+6	118	+5	120	+6	120	+7	119	+2	119	+2	119	+2	119	+2
Newspapers	123	+7	124	+7	124	+7	124	+7	131	+5	131	+6	131	+6	132	+6
Outdoor	123	+8	137	+11	137	+11	137	+11	137	+11	137	+11	137	+11	137	+11

Notes: Percentage shown is relative change from the same month period the year before.

*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

MARKETING & MEDIA DECISIONS

SEPTEMBER 1989 • \$4.00



BURNETT'S BITE

Willard Hadlock,
executive vice president, media,
Leo Burnett Company.

Leo Burnett Co., Chicago's enigmatic
media powerhouse, is taking
a chunk out of the Big Apple.

PRINT: THE QUALITY QUESTION ■
PACKAGE DEAL-MAKING ■
DIET COKE: #2 BY '92? ■

*****5-DIGIT 20814
0711 00161861 41 93 000000
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814
BLS3
B001

MARKETING & MEDIA DECISIONS

COVER STORY

BURNETT'S BITE 42

Media buying, Chicago style, finds its epitome in the new offices of Leo Burnett. Straight-laced, no-nonsense and powerfully effective, this very private agency is making a lot of news in media circles.

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PACKAGE DEAL-MAKING 33

Trans-media, multi-disciplined advertising and promotion packages offer some exciting new marketing opportunities. The problem is, Which do and which don't? Media directors are currently rethinking their evaluation systems to get a better fix on these mega-deals.

MAGAZINES' QUALITATIVE QUANDARY 53

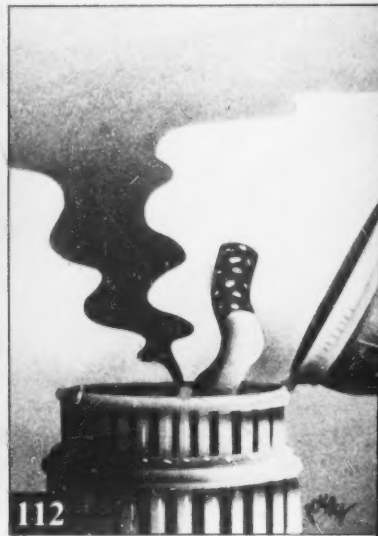
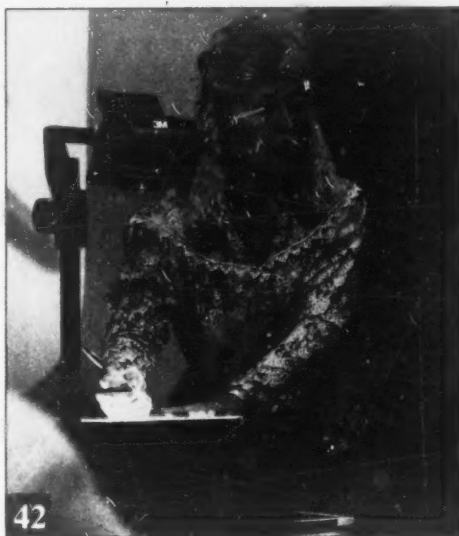
In a quantitative world, qualitative data can provide a strategic edge to magazine buys. But so far there's no consensus on how to use, or conduct, the research.

DIET COKE'S PEPSI CHALLENGE 63

This time, the real thing is taste as diet Coke sidesteps its "diet" roots and pitches its taste against full-sugared Pepsi. One key to its current campaign: men.

BRAND REPORT 164: POINT-AND-SHOOT CAMERAS 73

Despite an ever-growing list of special features, these fully automatic 35mm cameras are pointed directly at your Uncle Joe. There is a camera for every price point, from \$10 to \$529, and the media mix extends from tv to *Good Housekeeping* to the buff books.



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Paul Zuckerman builds bridges for Times Mirror magazines; it's Miller time for Gilbert Farley; and Tony O'Haire rides into Ogilvy & Mather, Atlanta.

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Jim Simon of American Airlines told top media execs that he sees more foreign destinations in American's future.

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FREEZE FRAME 20

Pay cable is not immune to the new media/marketer cross promotions. Showtime, Walt Disney and HBO all have worked out deals that take advantage of the trend.

BUSINESS-TO-BUSINESS 22

As two more agencies scale down their b-to-b units, the b-to-b specialist looks to be going the way of the abacus and green eyeshades in media departments.

DEBUT 24

Expect lots of sparks as the networks throw all levers on their promotion machines to light up their new fall schedules. Despite all the noise, however, some major agencies predict little substance and only one hit.

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Stan Rapp lists the Seven Sins of direct marketing, and Dell Computers calls up direct marketing and an 800 number to pitch its high-tech hardware.

CREATIVE CONCEPTS 28

Some big-ticket national advertisers are turning to 900 numbers to create interactive ads. Those calling in not only pay the cost; they often leave behind their names and addresses, thus supplying a valuable data base.



63



33



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Efforts to put out cigarette advertising once and for all continue, but tobacco marketers have found some comfort in a recent Supreme Court ruling.

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Many Americans are outraged by what they see on tv, but many also support

their neighbor's right to see it. Two polls offer different views on the subject, and agency readers are quizzed on their own programing attitudes and practices.

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The single-source dream has yet to turn into reality, though a few users and suppliers are seeing the possibilities.

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The top syndicated specials of all time, our magazine category scorecard and the Media Cost Index through May 1989.

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Public television offers a private audience with hard-to-reach demos.

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New planning tools may pave the way to better outdoor planning.

Marketing whiz Mike Beindorff is betting that men will love diet Coke too.



DIET COKE: #2 BY '92?

by Rebecca Fannin

Mike Beindorff says it with a straight face. "Diet Coke. No. 2 by 1992."

Is Coca-Cola's vice president of marketing planning really serious? Competitors, marketing experts and beverage observers doubt it. "I think you better ask Coca-Cola if they really think that diet Coke can become the second-leading soft drink," says Emanuel Goldman, an industry analyst with Paine Webber. "It's going to be very, very tough, not easy at all. What you're talking about," he adds, "is nearly doubling the business in three years."

You're also talking about diet Coke overtaking Pepsi, which as both a company and a brand has proved itself to be a gritty, daring competitor. Yet Beindorff, a 38-year-old marketing expert who has been involved with diet Coke almost from its start seven years ago, and who moved into his current post last year, insists his now third-

Skeptics doubt
diet Coke can beat
Pepsi by 1992. But
Coca-Cola keeps
pushing.

place drink will topple brand Pepsi — and in short order. Instead of dueling with Diet Pepsi, Beindorff has changed the rules by being the first to position a diet cola against a sugared one.

Diet Coke's aggressiveness can be seen in its ad campaign, which broke on this year's Super Bowl. The much-publicized spot, which used breakthrough 3-D technology, claims that of

2 million families who stopped drinking Pepsi last year, 500,000 switched to diet Coke. (Pepsi retorts that its surveys found 90% of the switchees returned to its fold, a point Coke refuses to discuss.)

Diet Coke's ad claim is controversial for other reasons as well. Many marketing experts wonder why Coca-Cola is even acknowledging the competition. "It's a lot of chest-beating," says Dave Stone, a partner at the New England Consulting Group. "For Coke, it's the latest way of saying, 'Hey, we're beating up on Pepsi.' It may work for the short term," he continues, "but a better tactic would be to find a compelling point of difference" that will make consumers want to try diet Coke.

But Coca-Cola isn't budging from its strategy. The company line is the following: Diet Coke's sales are ahead 22% this year. The soft drink already is more popular among women than

sugared Pepsi, with a 19.8 share level compared to a 17 share for Pepsi. Since the attack-Pepsi campaign began, diet Coke has captured Houston, Baton Rouge and Little Rock from Pepsi. Further, the share for diet Coke is up by three points to 14% of the total market. Pepsi's share is down by 0.5% to 18.6. Plus, diet Coke is within 2.6 points of fountain Pepsi.

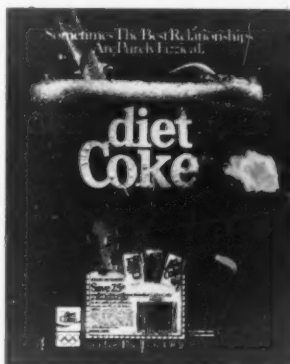
The picture looks equally good when only food-store sales are measured. According to *Beverage Digest*, Pepsi's market share had declined by more than 2% as of May 1989 compared to a year earlier, while diet Coke's has climbed by 10%.

Still, the skeptics wonder just how realistic the diet Coke objective is. They point out that diet Coke's 11% share of food-store sales is far behind Pepsi's at 16.7%. Beindorff and company answer that diet colas are gaining an increasing share of the total market at the expense of sugared colas, which means the low-calorie segment is picking up more shelf space. While diet colas grew by 6.6% from May 1988 to a year later, sugared colas' share slid by 1.5%. As the baby-boom generation ages and becomes more concerned about trim waistlines, the word among marketers is that this same trend line can only continue.

Certainly, Beindorff and his ad agency, Lintas:USA, aren't shy about their aspirations for diet Coke. At a recent meeting of the Ad Club of New York, Beindorff and two Lintas execs pretended they were on the war front (the cola one). Wearing combat helmets and bandages, they wrote letters home to sweethearts, mothers and wives describing the diet Coke action. Beindorff read aloud a letter he had written mom telling how the diet Coke campaign is being received at Pepsi headquarters. "The enemy has denounced us to the press as crazy. How could a diet soft drink ever overtake regular Pepsi? To quote from the enemy's propaganda leaflets," Beindorff said, Pepsi believes "there's not a snowball's chance in hell of that happening . . . they're breathing their own

exhaust fumes." As for Pepsi's view of what Coke will accomplish: "It's not a matter of diet Coke becoming the number-two soft drink. It's a matter of diet Coke becoming the number-two diet soft drink."

Certainly, Coca-Cola has another goal in mind. During the first quarter this year, Coke spent \$27 million on the diet drink, about half of the entire budget for last year, \$55 million.



Lintas exec Stone Roberts is determined to help diet Coke achieve its ambitious goal. Tools are lots of coupons and ads directed especially to men.



(Pepsi claims Coke spent \$40 million in that period.) The spending level for the first three months of 1989 was also nearly triple that of Coca-Cola Classic, the flagship brand.

Media selections have been highly visible ones too — the Academy Awards, the American Music Awards, the NFL and Wimbledon, according to Dave Platt, senior vice president and manager of media planning at Lintas. A major print campaign has been in place as well, targeting specific audiences. Heavy promotions haven't been skipped over either. More than 200 million coupons were dropped during the first quarter, sweepstakes with free cruises have been offered, and an unusual sampling program has been in place at supermarkets. Under one program developed by Coke New York, vice president of marketing Tom Foristel says whenever the cash register rings up a Pepsi sale, a coupon dis-

pensing machine is triggered. It offers a free diet Coke to the Pepsi drinker.

"I think we caught them [Pepsi-Cola] off guard in a number of places," says Stone Roberts, executive vice president and director of client services at Lintas. Ironically, the campaign originated in response to a Diet Pepsi taste challenge to diet Coke last summer. At that time, Diet Pepsi — with Mike Tyson in tow as a spokesperson

— was touting its superior taste. When Coca-Cola objected, citing research to the contrary, Pepsi pulled the ads. Yet the diet Coke brand was left needing something to control the damage.

If Coca-Cola had counterattacked Diet Pepsi, Beindorff explained, the brand would have lost by being on the same battlefield. If they failed to respond, it would seem like they couldn't dispute the claim. So Coke "went after their big gun," said Beindorff, instead of "trading shots with Diet Pepsi."

"It's an idea that's been discussed for a long period of time, and we agreed that the opportunity was 1989," says

Roberts, adding that it was one way that Coke could respond to Pepsi's Mike Tyson punch.

Some interpret the campaign as a way to continue diet Coke's momentum rather than a serious threat to Pepsi. "A man's reach should exceed his grasp," quotes Henry Schimberg, president and COO of Johnston Coca-Cola Bottling Group, Coke's second-largest bottler. "I think the campaign is to maintain the momentum of diet Coke and to maintain its lead of the diet-cola segment," says Schimberg. He also points out by talking about surpassing Pepsi, the diet Coke strategy reinforces Coke Classic as the leading soft drink.

Pepsi-Cola, naturally enough, is trying to get the momentum back on its side. As expected, Pepsi is trying to return the battle to one between the diet drinks. Diet Pepsi holds a 7.6 share of the market, compared to diet Coke's

11% stake. "Although diet Coke's base is larger, over the last three years the growth rate of Diet Pepsi has been faster than that of diet Coke," claims Bill Katz, senior vice president and management representative at BBDO, Pepsi's agency. He notes that Diet Pepsi's volume has grown by 16.5% from 1985 to 1988, while diet Coke is up 11.8% during the same period.

The company also cites Diet Pepsi's food-store sales growth this year: Diet Pepsi's share climbed to 7.6% by May 1989, a gain of 8.6%. Still, diet Coke moved ahead to a 11 point share from a 10 share during the same time, according to *Beverage Digest*.

Pepsi has reacted swiftly to the diet Coke challenge in other ways. In a significant move, Pepsi successfully questioned Coke's claims about the number of people switching to diet Coke. The diet Coke commercials have since been revised. Instead of citing specific figures to describe the brand switching, recent spots note that the "move is on" to diet Coke.

Pepsi also has responded with its own set of commercials for Diet Pepsi. The initial spots spoofed diet Coke's 3-D spots and poked fun at how the company believed that Coke came up with its figures. It shows a researcher wearing 3-D glasses.

Drawing more ammunition, recent Diet Pepsi commercials ask viewers to switch from diet Coke to "the right one" and to the one "taste that's generations ahead." The Diet Pepsi ads, which feature actor Michael J. Fox, also play on diet Coke's campaign with the tag, "The real move is on to Diet Pepsi." Like Coke, Pepsi favors premiere events to break campaigns. The heavy television spender is a big supporter of the Super Bowl broadcasts. In addition, this year Diet Pepsi sponsored a talent show using NFL players during the pre-game Super Bowl show. It was somewhat of a coup, because Coca-Cola has had exclusive soft-drink advertising and promotion rights with the NFL.

Meanwhile, in the continuing cola war, BBDO's Katz is downplaying diet Coke's results this year. "Diet Coke is gaining share because they are buying it," charges Katz. He points out that Coke's aggressive pricing, promotion and couponing policies are only lead-

ing to short-term volume gains. "There's been no change in consumer attitudes toward diet Coke," says Katz, citing Pepsi research. "The product attributes have remained flat and consumers' first choice preference hasn't changed." He adds that of the 500,000 who switched to diet Coke last year, 90% didn't repurchase it—a point Coca-Cola is mum on.

Though Pepsi may be trying hard to keep the battle focused between the two diet drinks, Coke is continuing to develop a strategy that heightens the stakes. Diet Coke is striving to convince males that drinking a diet cola is just fine. About 35% of diet soft-drink consumption is now male, according to *Beverage Digest*, a 130% increase from five years ago.

Given that diet Coke has always been positioned as a good-tasting



BBDO's Katz enlists a rock star and teen idol to make Pepsi's sugared and diet drinks seem irresistible.



(not just low-calorie) drink, Coke is at an advantage. "One of the reasons that diet Coke has been so successful," says Henry Hersh, president of Pepcom Industries, a Pepsi bottler, "is that it didn't have a carryover image. Diet Pepsi has been around 23-24 years, and it has gone through reformulation time and time again, including the cyclamate ban. Yet diet Coke was new. What was most important is that they went for the good taste of it, not just lowered calories."

To attract males, diet Coke spots feature tough-looking men picking the drink over Pepsi. In one case, it's a Pepsi truck driver who, when confronted with both Pepsi and diet Coke vending machines, picks two diet Cokes for the road. Coke also has recruited hockey star Wayne Gretsky and former Pepsi endorser Don Johnson for diet Coke's male drive.

In addition, in April, diet Coke ran full-page ads in *USA Today* intended to reach men. The ads point out that diet Coke has overtaken Pepsi to become number two among women. A 25¢ coupon is offered with the promise, "Today women, tomorrow man-kind."

Media choices reflect the diet Coke emphasis on the male target. While Lintas is still planning diet Coke's 1990 media schedule (McCann-Erickson buys media for diet Coke), the plan will likely include the showcase media spots that have been favored for the brand. For instance, there's sponsorship of the Super Bowl and spots during the National Football League play-off games.

A heavy emphasis on print should continue as well. "We've always been a big believer in print for diet Coke," says Platt at Lintas. "We use it in the customary ways — to support broad-

cast and to drop coupons. It also provides additional punch for diet Coke against specific targets, and that is important for a brand that needs to be built." Platt notes that three magazines are specifically selected to reach men: *Sports Illustrated*, *Sport* and *Inside Sports*. Diet Coke also runs ads in *Rolling Stone*, *People*, *Glamour* and *Cosmopolitan*. In addition, diet Coke is advertised in Black magazines.

Network television is purchased

Diet Coke's media choices include several tv specials for high visibility.

with the goal of reaching the highest numbers of people. The new diet Coke spot taking on Pepsi, for example, used four roadblocks (commercials running at the same time on different channels) during January. "The strategy allows you to dominate a particular period of time, and that's what you need when you're trying to steal march on the competition," comments Platt.

Lintas is also a supporter of cable as part of the overall tv network buy. Diet

Coke ads are purchased on MTV, ESPN and TBS. In addition, Coke bottlers purchase on a co-op basis spot tv and radio, newspapers and outdoor.

As part of the goal, look for diet Coke to play up an edge in fountain sales, which account for about one-third of total sales in the soft-drink business. Coca-Cola has about 60% of the fountain business, while Pepsi has 26%. However, Coke, which already counts McDonald's as a major customer, recently lost out when Burger King reviewed how Pepsi was servicing its account and kept the drink on, despite ferocious lobbying by Coke. However, the Burger King-Pepsi contract remains open-ended, with a termination option lasting up until mid-September. According to *Beverage Digest*, expect Coke to increase heat on Pepsi's fountain business and for Coke to even woo Pepsico-owned restaurants, Kentucky Fried Chicken, Taco Bell and Pizza Hut.

Coke isn't forgetting the important bottler system in diet Coke's drive to surpass Pepsi. In fact, some observers believe that the current campaign places a priority on bottlers. "I think the comparison they're trying to make is confusing consumers," says Larry Jabbonsky, associate editor at *Beverage Digest*. "It's a way to rally the troops and then the trade. The average consumer doesn't relate to the number claims they're making," he adds.

Coke, of course, disagrees. All of the directional data, says the company, proves it is on the right track. "For as long as one man or one woman still remains in this great land of ours who has not tried diet Coke, then we must fight on to victory," says Beindorff. And with an attitude like that, and a tough competitor like Pepsi, it's obvious there will be no truce soon. ■

THE SHARE RACE

Major brand 1989 food-store shares through May.

Brand	Share	% Change
Pepsi	16.7	- 2.3
Coke Classic	14.2	+ 7.5
diet Coke	11.0	+10.0
Diet Pepsi	7.6	+ 8.6

Source: *Beverage Digest* Food-store sales only includes caffeine free lines

THE AD RACE

Advertising expenditures by major brands.

Brand	1988	First quarter, 1989
Pepsi	\$63,865.1	\$17,384.1
Coke Classic	68,304.6	10,955.1
diet Coke	55,507.3	27,358.1
Diet Pepsi	48,469.3	19,404.5

Source: Arbitron's Broadcast Advertisers Reports. Leading National Advertisers includes caffeine free lines

BRAND REPORT

No. 164: Point-and-Shoot Cameras

FOCUS POCUS

by Brian Bagot

Smile, everyone. Now hold it just a second. Hold it, let me focus. Okay, ready? One, two — oh, wait, the flash isn't on. . . . Alright, let's shoot. Hey, come back here. Where's everybody going?"

Ah, the good old days of 35mm photography — focusing, f-stops, light meters, film advancing, separate batteries for the flash and, most of all, a heavy camera to lug around your neck all

day. Well fortunately, this picture is fading, and photographers with more than one set of thumbs need fumble no more as point-and-shoot, or compact, cameras make taking good-quality 35mm photographs as easy as saying cheese. In the few short years since their development, the models have grown to account for near 40% of the camera world's 18 million annual units sold.

With auto-

TOTAL CAMERA EXPENDITURES* (000) January-December 1988

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor
Minolta	16,810.8	8,894.2	4,573.7	734.2	—	—	2,410.2	88.8	—	110.1
Canon	14,883.2	8,215.6	3,132.5	558.2	—	—	1,962.1	567.5	—	447.3
Pentax	7,486.0	5,450.1	606.6	112.9	—	—	1,316.4	—	—	—
Olympus	6,778.1	3,233.9	130.2	387.7	87.3	—	2,881.5	57.5	—	—
Kodak	6,209.3	5,055.6	1.3	623.4	—	—	377.4	52.6	56.2	42.8
Nikon	5,778.6	—	—	—	—	991.2	4,577.2	—	139.4	70.8
Fuji	1,949.8	1,577.3	35.6	26.1	41.6	—	208.0	61.2	—	—
Vivitar	831.1	—	0.2	—	—	40.8	790.1	—	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertiser (LNA); Radio Expenditure Reports (RER); Media Records (MR). *Media expenditures are for companies' complete camera lines.

loading, auto-advance, auto-focus, auto-exposure and a host of other autos, "you don't have to be a technical whiz at all" to enjoy 35mm photography, notes Barry Harrand, director of marketing research for the Photo Marketing Association.

Not only are the manufacturers making the cameras easy to use — all you have to do is literally point and shoot — they're making them so just about anyone can get into the picture. List prices can range from \$59.59 for Kodak's basic fixed-focus S100EF to \$529.95 for Chinon's Genesis, which is a highly advanced point-and-shoot, featuring auto-focus and a zoom lens. In between, there are a plethora of models sporting combinations of features like dual lenses for standard and telephoto shots, various focus ranges and accessories that will appeal to shutterbugs in all budgets.

So with hitting the niche the name of the game, this wide span of prices allows manufacturers to zoom in on different segments of the 25-to-54-year-old group earning \$25,000 and up. The male/female split is about 50/50. There are point-and-shoots for beginning photographers, water-resistant models for users with active lifestyles and top of the line, multi-feature models for current compact owners to trade up to or for serious amateurs looking for a second camera.

"We know we're going to sell various types of products in specific market areas," explains Jim deMerlier, vice president of marketing for the photographic division of Minolta, generally considered to be the leader in the category. "We know that the inexpensive cameras are going to sell better in drug stores and discount outlets, whereas the zoom-type camera does very well in specialty stores."

Television and print were the primary advertising vehicles used to help sell between 7 million and 8 million point-and-shoot cameras last year, with programming and titles tending to have the largest common denominator — consumers in the demo who want to take good pictures with a minimum amount of effort.

Highly rated prime-time shows, such as *Cosby* and *The Golden Girls*, and general-interest magazines, such as *Life*, *Time* and *Good Housekeeping*,



Kodak is tapping into mainstream America with its S Series.

tended to receive the bulk of the ad dollars. Some companies, like Olympus, also use niche books like *Parents* and *Travel & Leisure*. Photo-buff books are rarely used, except by Canon, since serious amateurs and professionals tend to be primarily interested in single-lens reflex models. These intimidating cameras, with dials, gauges, manual focus and interchangeable lenses, are what most people think of when it comes to 35mm photography.

As expected, many of the companies make a big push during the fourth quarter and buy time on Christmas specials, like Kodak and its slot on *Rudolph the Red-Nosed Reindeer*.

With market-share information in the photographic industry a better kept secret than some Pentagon reports, companies are unwilling to divulge any figures, and industry watchers are unable to provide an objective ranking. However, one source, citing internal figures, says Kodak, with 29%, was the unit-volume leader last year in the 35mm automatic non-SLR camera business, thanks to a strong position in the mass-market, low end of the category. Kodak is followed by Minolta, the leader in the upper-end, with 11%, and Canon and Vivitar, each of which had 10% in 1988.

Most of the volume is in the under \$100 actual-retail category. But it's the \$150-\$250 mid-range, featuring telephoto and zoom lenses, that offers a variety of shooting options and hits the broadest buying group, while the \$250-and-up segment lets users get more creative and override some of the auto

features for special effects.

Whatever the price, though, industry watchers agree that all the cameras provide quality photographs, far superior to 110, 126, discs and instants. As Harrand puts it, "Certainly the fact is, not only are the cameras very easy to use, but they are also exceptionally good quality. These are probably the two factors most important in acceptance of the product by the consumer." They are, in fact, so accepted that they made up an estimated 40% of the 18 million cameras sold last year and 80% of the entire 35mm market.

With the market becoming highly competitive, there are more than 150 models out there, and with growth at about 10% annually, down from 30% several years ago, price promotions at the retail level are another method used to frame sales. Depending on how high the list price is, cameras can be marked

Not only are the cameras easy to use; they also offer excellent quality.



down in some cases by \$200. For instance, Chinon's Genesis has a manufacturer's suggested retail price of \$529.95, but actual retail runs anywhere from \$299 to \$339.

Such discounting "is common practice in the photographic industry," says Ken Gerb, vice president of specialty dealer sales for Chinon. "We have a suggested retail, which is a published price, and each marketplace will then discount thereafter."

Adds Harold Martin, editor of *The Wolfman Report*, a statistical report on the photographic industry published by *Popular Photography*, "It's an extremely competitive market. It's primarily price competition. You've got a model in line, like Chinon and Ricoh, at every \$30 price point."

In addition, camera kits have been developed to create added value. These include accoutrements like a camera case, lens tissues, film and batteries. Most are done regionally in an effort to bolster sales in photographic specialty stores, which are being hit rather hard, with department stores, mass merchants, drug stores and catalogue showrooms making up about 80% of sales, according to James Chung, director of financial relations at Fuji.

Also coming on the scene are bridge, or new-concept, cameras that are a hybrid point-and-shoot and SLR, which basically makes them autofocus SLRs without interchangeable lenses.

And making their way into the 35mm, point-and-shoot category are single-use, disposable cameras from Kodak and Fuji that sell between \$5 and \$10. Basically just a 35mm box camera that provides decent quality photographs outdoors, they come in handy if users don't want to take their more expensive cameras to the beach or if the camera is inadvertently left behind on the way to the theme park.

Following is a clear picture of how the leaders in the point-and-shoot category are advancing in a tough market.

Eastman Kodak

Known as a leader in film sales, as well as for its 110 and 126 instamatics and disc cameras, Eastman Kodak is also the volume leader in the 35mm automatic non-SLR camera market, with most of its strength in the low to upper-middle point-and-shoot segment. Kodak units accounted for 29% of the point-and-shoot market in 1988, according to one source. Its point-and-shoot line runs the gamut from a \$10 single-use camera to a fully featured 16-zone auto-focus non-SLR listing for more than \$250.

With its S Series, Kodak is looking to tap into "mainstream America, adults 18-49, with income of \$25,000 or more" and is placing the main emphasis on "picture quality first and ease of use second," according to Kathleen Moran, director of marketing and communications, camera products, in the consumer imaging division of Eastman Kodak. "We are primarily targeting cartridge and disc users, those who are interested in entering the 35mm market, as opposed to SLR users, who are

looking for a second camera."

The marketing and advertising plans are not varied for the cameras in different price points, but the ad campaign from Young & Rubicam does highlight only the fully featured models in the line, like the S500 and S900, in print. However, the S Series as a line of cameras is supported on tv.

According to LNA, almost \$500,000 was spent on magazines last year that included *Life*, *People*, *Parents*, *Reader's Digest*, *Sports Illustrated* and *Good Housekeeping*. In tv, where about \$7 million was invested in the second and fourth quarter, the plan was to "get the reach and then go into cable with frequency," says Moran. Broadcast network flights included the Academy Awards show, family programs like *Cosby* and seasonal specials, including *Rudolph*.

But the line is in the highly competitive and active price range, and that's where the name Kodak comes in. When it comes down to choosing between Kodak's S500 and Minolta's Freedom 200, a camera with similar features, "the thing that would carry us is the brand name," states Gaetan Leambiase, marketing planning specialist for Eastman Kodak for 35mm cameras. "If you took a product feature for feature, style for style, the big tie-breaker is the brand name."

Minolta

Noticing that most of the activity in the point-and-shoot market is at the \$150 price point and below, Minolta is attempting to expand from the upper end and tap into more segments of the category with the introduction of five Freedom cameras last June, according to Jim deMerlier, vice president of marketing for the photographic division. The least expensive entry is the Freedom 50, a fixed-focus, entry-level camera that lists for \$91, but will retail in the \$60 range.

Since the line of its Freedom cameras crosses the broad demo of active 25-50-year-olds with incomes of \$25,000 plus, Minolta is using tv and a long list of general-interest publications, as well as some more targeted books, to get more people behind the lenses of its point-and-shoots. Titles include *People*, *Life*, *Modern Maturity* and *Golf Digest*.



Minolta is expanding from the high to the mid-priced segment.

In tv, not much prime time is used, according to Andrea Ostrowski, account executive with Campbell-Mithun-Esty, which is handling creative and media buys for Minolta. Most of the flights run during *news*, late fringe and sports. Daytime is not used because "it's really not for our target audience," Ostrowski states. "The people we want are more likely than not to be working," she points out. "They're out doing things, not sitting home watching tv."

Out of the \$16.8 million Leading National Advertisers estimates Minolta invested in camera advertising last year, the Freedom line received the bulk. But even though the line is made up of nine cameras, it's the "newest, most technologically advanced models" that are highlighted in ads, according to Rena Brover, marketing services analyst with Minolta. These include the top-of-the-line Freedom

Feature for feature, model by model, the brand name is the tie-breaker.



Zoom 90 and the waterproof Weathermatic Dual 35 that list for \$428 and \$303, respectively.

Minolta is currently considered the leader in the high-end 35mm camera business, but it had an 11% share of the point-and-shoot market last year.

Canon

Unlike others in the category, Canon is advertising its Sure Shot line of point-and-shoots in a comprehensive list of photo-buff books, such as *Popular Photography*, and is taking aim at enthusiasts.

As Jeff Levine, vice president, group management supervisor for Grey Advertising, Canon's agency, says, "These point-and-shoot products make an excellent second camera." He points out that features such as Canon's tele-converter on the Sure Shot Multi Tele, which can shoot one-half of a frame at a time, really strikes a creative nerve with hobbyists.

In general, however, the Sure Shot is a mass-product line, skewed at a broad range of adults and hitting the mid to upper-end price ranges. This is reflected in a media schedule that consists of general-interest print, including *Life* and *People*, as well as morning

news shows, prime time and late night.

Although he would not comment on future plans, Levine says that in the past the Sure Shot Supreme and Sure Shot Multi Tele, with respective list prices of \$328 and \$399, have received both tv and print support, while the recently introduced, top-of-the-line Sure Shot Zoom XL was rolled out with print. The ad execution uses two two-thirds fractionals on facing pages that run up the outside columns, with editorial in the middle.

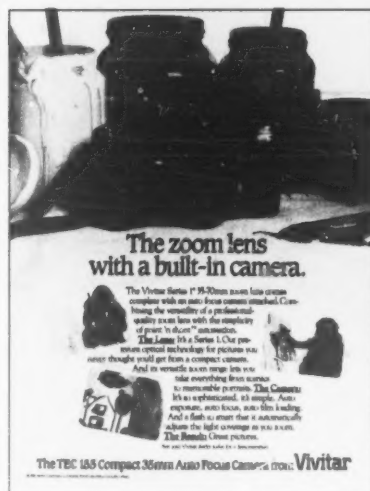
With its fixed focus Snappy S model, listing for \$137 and not a part of the Sure Shot line, Canon is targeting primarily a younger female demo. Because of its more youthful appeal, ads for Snappy S have aired on programs such as *Friday Night Videos*, as well as on *Today* and *Good Morning America*. The print campaign has run the gamut of general-interest, wide circulation magazines. And with the signature — "So advanced, it's a lot of Canon for a little money" — the ads have a totally different feel than Sure Shot advertising, which touts, "So advanced, every shot's a sure shot."

LNA pegs Canon's total 35mm camera advertising at about \$15 million last year, with almost \$12 million going to tv, while magazines picked up about \$2 million. Its market share of the 35mm point-and-shoot business last year is figured to be 10%.

Vivitar

With full-page ads running in *People* and *Life*, Vivitar is targeting everyone, according to Gary Davis, executive vice president of operations at Vivitar. "We go out after everybody. It could be a second camera for somebody who's interested in photography or the prime camera for anybody who just needs a camera to take pictures of graduations, weddings, vacations, things of that nature," he explains.

In addition to the mass circulation books, the upper-end customer is reached through *American Heritage* and *Smith-*



The zoom lens with a built-in camera.

The Vivitar Series 1 35mm zoom lens camera...
 Having the versatility of a professional...
 quality zoom lens with the simplicity...
 of point 'n' shoot operation.
 The Zoom 1 is a Series 1 for...
 precision optical technology for pictures you...
 never thought you'd get from a compact camera.
 And so versatile is our zoom lens you can...
 take everything from nature...
 to memorable portraits. The Zoom 1...
 is as sophisticated, as simple. Auto...
 exposure, auto focus, auto film loading...
 And a flash to ensure that it automatically...
 adjusts the light coverage to 100 ft. 35mm.
 The Vivitar Zoom pictures.

The TEC 135 Compact 35mm Auto Focus Camera from Vivitar

Using primarily print, Vivitar goes after a wide demo.

sonian magazines. LNA pegs Vivitar's 35mm camera magazine expenditures last year at \$790,100.

Television is not used because of its cost, according to Davis. "It's incredibly expensive, and unless you're willing to put millions into television, I just don't think it brings the return. With print we can get specific demographics."

Since no model-specific advertising is done, the general message of the campaign from Manhattan Communications, Manhattan Beach, Calif., is camera quality, popularity and a feature for just about every budget. The line cuts across all price ranges, starting with the PS-120 that lists for \$80, right up to the \$300 model 2001. "We just go out and tell everybody that we've got what they need. Depending on whatever price point they want to pay, we've got something there," adds Davis.

In addition to making sure almost everyone can afford a Vivitar point-and-shoot, the company's retail placement assures that everyone can get one, as well as giving it about 10% of the 35mm automatic non-SLR camera business in 1988. The majority of the business is in the national chains like Sears, J.C. Penney and Montgomery Ward, as well as regionals like Wal-Mart, K mart and Target.

"My philosophy is that anyplace that has a roof to keep the rain off the equipment and has a cash register is a



The new Canon Sure Shot Zoom XL.

A power zoom camera with the kind of control you've never had...

Canon uses two two-third-page ads in a spread for its Sure Shot Zoom XL.



Remote control.

Vivitar Series 1 35mm zoom lens camera...
 Auto exposure, auto focus, auto film loading...
 And a flash to ensure that it automatically...
 adjusts the light coverage to 100 ft. 35mm.

potential place to sell cameras," stresses Davis.

Pentax

Pentax, which spent \$7.5 million on advertising its entire camera line last year, has stuck with one philosophy — as the cameras have gotten more sophisticated, the consumer is still looking for simple products.

"So there are really two schools of thought when you approach advertising in this category. One is to attempt to dazzle the user with features," explains Chas H. Conklin, vice president, management supervisor on Pentax business for the Bloom Agency. "We've found this does one thing — confuse them. We've tried to keep our message extremely simple."

Conklin cites the introduction of the IQ Zoom in '87 the first zoom in the category. "We invented a disease that only Pentax could cure, and that was the concept of the human zoom," he says. For two years, people in the ads have been running fore and aft to frame their shots, illustrating a problem that's solved by the Pentax IQ Zoom. "It was

Take this simple IQ test:



You're a genius!

For how easy it is to take your IQ? The Pentax IQ Zoom (C) with its automatic zoom lens, gives you multiple choices. Press once to zoom or electronic and recording. In business. Then zoom for close-up details. And of course the IQ Zoom is so simple enough to be fully automatic, smart enough to give you great pictures, and even smarter when it comes to more than ordinary cameras. Enter the Pentax IQ Zoom in and get the pictures you want. **PENTAX**

Pentax keeps its IQ Zoom message simple.

very easy to understand and a problem people could relate to," says Conklin. "We didn't attempt to go back and educate the category on what a zoom does. We took it more on an end-result basis."

Keeping the message as user friendly

as possible, Pentax, with 7% of the units in the 35mm automatic non-SLR market in '88, launched the brand initially on tv, which included prime time broadcast and cable, as a logical corollary to their mass-market distribution. This year, it's been supplemented with some broad-based print, including *People*, *Sports Illustrated* and *Life*. About \$1.3 million was spent in magazines last year for the complete line.

With a camera in each different price group of the zoom segment, which is starting to get crowded with about 20 competing models, the strategy does not call for varying the marketing plan for each, but rather to bring one Pentax IQ Zoom message to the marketplace, according to Conklin. Its IQ Zoom 60, IQ Zoom 700, IQ Zoom 900 are about \$40 to \$50 apart on an actual purchase price basis, starting with the 60 at about \$180.

Nikon

Some would think that being a leader in the professional camera segment would make it easy to just sit back and depend on that reputation when mar-

WHY GO THROUGH THIS?



YOU COULD LEARN A LOT FROM A DUMMY. BUCKLE YOUR SAFETY BELT.

A Public Service Message



SEND YOUR SLINGS TO SINGAPORE.



Exporting automation slings and other equipment to Singapore is a serious, profitable business. So, don't miss the boat. Call U.S. and Foreign Commercial Service 1-800-323-3200* Operator 199.

Ad Council

*In Alaska call 1-800-432-1000



How to get rid of unwanted relatives.



There are many ways to get rid of unwanted relatives. One way is to use a camera. The Nikon Infinity Twin and Super Zoom 300 are two cameras that can help you do this. They are both compact and easy to use, and they have a variety of features that make them perfect for taking pictures of your relatives. The Infinity Twin has a 15-second timer, which means you can take a picture of your relatives without having to be in the frame. The Super Zoom 300 has a 30x zoom lens, which means you can take pictures of your relatives from a distance. Both cameras are also available in a variety of colors, so you can choose the one that best fits your style.

Nikon
MasterLine 80

Nikon uses humor to explain the features of its cameras.

keting a line of point-and-shoots. But Bill Giordano, marketing manager for Nikon, says it's a double-edged sword. "The name Nikon usually conjures up a professional camera, so people think the camera is going to be complicated and expensive," he says. "These cameras are easy to use and modestly priced."

With four point-and-shoots spread across the high-mid to upper price points, the company had 5% of the market last year and is currently targeting an even split of males and females of all ages.

Ads from Scali, McCabe, Sloves run in the full complement of mass reach books, such as *People*, *Life* and *Time*. For tv, the fall schedule is in the works, but in the past, prime time, late night and some of the morning news programs have been used, as well as some Super Bowl spots.

The Nikon line of point-and-shoots opens with a list price of \$210 for the One-Touch 100 and tops off with the Zoom-Touch 500 at \$404. In the middle ground at \$275 list is the Tele-Touch 300, a dual-lens camera that has a red-eye reduction feature in which the flash fires twice for a picture. The first flash closes the pupils of your subject's eyes, and the second, three-quarters of a second later, takes the picture.

Although the cut-throat competition is in the lower end of the business, Giordano says it's also tough at this level with Canon, Olympus, Minolta and Pentax in the fray. He adds that

Kodak is in there with wide distribution and strong brand recognition. To help sway consumers, Nikon spent a total of around \$6 million to push its entire camera line, with close to \$5 million in magazines, according to LNA.

Olympus

With much of its competition still very active in the SLR category, Olympus has concentrated on the point-and-shoot market, building its Infinity line to eight cameras that run a wide range of price points and gave the company 5% of the 35mm point-and-shoot units last year. Actual retail prices start at \$60 for the TripMD and reach \$350 for the Super Zoom 300. "We've really concentrated in this area and think we have all the major price and feature points covered with that lineup," says David Willard, senior vice president of marketing for Olympus Corp., consumer products group.

The target is that broad 25-54-year-old, higher income group. For the lower-priced cameras, the income level may be \$30,000 plus, but on the Super Zoom Olympus, it is looking at \$40,000 plus or more. And since the demo is so wide, tv and mass-circulation print ads from Lowe Marschalk make up most of the advertising mix. Olympus spent almost \$7 million for its entire camera line last year, according to LNA.

"We're using television for broad exposure and to help overall brand

awareness, but there are some targeted segments," explains Willard. "The majority of the usage is family and travel, so of course we're in those books." Titles include *American Baby*, *Travel & Leisure* and *European Travel & Life*. Some mass-market titles used are *Time*, *Newsweek*, *Sports Illustrated* and *National Geographic*.

Right now the push is on the Infinity Twin and Super Zoom. The upper-end Super Zoom's exposure during the spring and fall was tv and print that created a unique, high-tech image. For the Infinity Twin, which retails in the \$200 range, a humorous 15-second tv spot goes through the features of the camera to show that it's compact and easy to use. The print campaign also reflects that message. Network programming for both cameras included prime time, big-rating shows such as *Golden Girls*, *20/20* and *Cosby*, as well as *Nightline* and morning news shows. Cable was also used.

In addition, the line is heavily advertised during the Christmas season. Television specials are used from time to time, says Willard, but the most consistent run has been the Macy's Thanksgiving Day Parade.

Promotions are also used by Olympus. For mass merchants, camera kits are put together that include the case, batteries and lens cleaners, while for specialty dealers who require higher profit margins, the company offers date cameras with a quartz clock built in that can put the date and/or time on the film. This, says Willard, is more popular in Japan than in the U.S., but for the specialty dealer, it's an extra feature they can sell.

Fuji

Just in the market about six years, Fuji is out trying to make its Discovery line of compact 35s a household name. It's also making it clear that they're a serious contender in the camera market. "You'll see us developing the Fuji Discovery name very aggressively over the next five years," stresses Rod King, senior marketing manager of Fuji Photo Film USA. Fuji had a 5% share of the 35mm point-and-shoot market last year.

In its efforts to increase awareness, Fuji has foregone print and relied primarily on tv to get its message across.



INTRODUCING
TWO OF THE BEST
CAMERAS
WE'VE EVER MADE.

Introducing the Fuji Discovery line of compact 35mm cameras. The Fuji Discovery 100 and Fuji Discovery 200 are two of the best cameras we've ever made. They are both compact and easy to use, and they have a variety of features that make them perfect for taking pictures of your family and friends. The Fuji Discovery 100 has a 10x zoom lens, and the Fuji Discovery 200 has a 20x zoom lens. Both cameras are also available in a variety of colors, so you can choose the one that best fits your style.

Olympus targets the upper end with its Infinity Twin.



Fuji shows that it's easier to drop-in load than to remove the film from the box.

Programming includes Sunday night movies, *Knots Landing* and other network prime time, late night and day-parts, as well as cable's A&E, ESPN, VH1 and MTV.

The company thinks that with the broad reach of tv, it can dramatically increase consumer awareness and then move to print. "Once we get our target awareness levels, then we will start getting more specific with higher-end models in print," explains King. "We want to get up to a 95%-97% awareness before we start print." This is expected to be later this year.

Fuji is targeting 18-49-year-old, male heavy-users with its Discovery

line, starting with the 160 that carries a suggested retail price of \$199.95 and moving all the way up to the Discovery 2000 Zoom at \$519.95. But for the focus-free segment, like the FZ-5, DL-7 and DL-15, all of which are under \$100, the target is skewed more toward females and a broader youth market, according to King. Citing Fuji research, he says that over the years men have been the primary purchasers of SLRs and high-end cameras, by as much as 75% to 80%. But he points out that this is "changing dramatically as more women get into photography."

Noting the anxiety that's caused by 35mm camera loading, the focus of the

tv spot from Hal Riney & Partners is on Fuji's drop-in loading system. The spot features a young girl who is able to load the camera faster than she can take the film out of its box.

According to LNA, Fuji invested a total of \$1.9 million in advertising last year, \$1.7 million of which was in tv.

In the single-use category, Fuji's Quick Snap business is growing faster than expected. The disposable is advertised with film, mainly in free-standing inserts and point-of-purchase. Currently, there are no specific Quick Snap ads, but as the category grows, King says the product "will probably hit the tube." ■

PRESERVATION PLAN ON IT

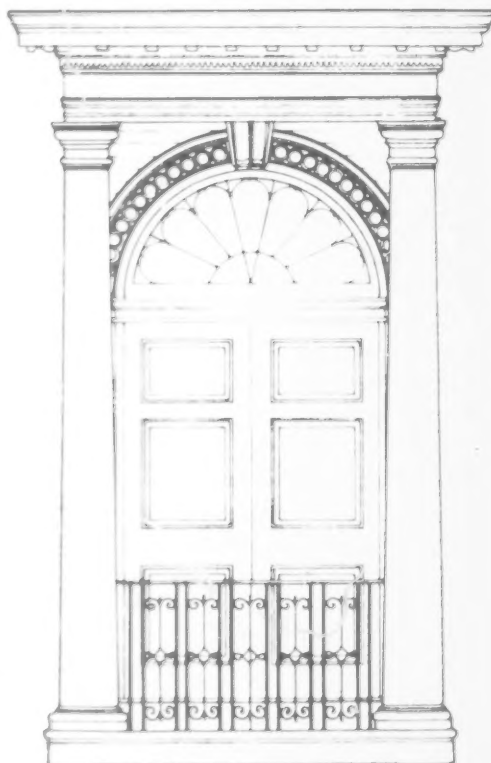
Planning on restoring a house, saving a landmark, reviving your neighborhood?

Gain a wealth of experience and help preserve our historic and architectural heritage. Join the National Trust for Historic Preservation.

Make preservation a blueprint for the future.

Write:

National Trust for Historic Preservation
Department PA
1785 Massachusetts Ave., N.W.
Washington, D.C. 20036



SALES PROMOTION

by Russ Bowman

COUPONS KEEP THEIR CROWN

Among the major tools and techniques of promotional marketing, coupons remain the ongoing winner. According to Donnelley Marketing's 1988 Survey of Promotional Practices, 92% of consumer product marketers use coupons in some shape or form. Only cash refunds are a close second, with 85%.

Depending on who you listen to, however, coupons' glittering performance may be taking on a bit of tarnish. Manufacturers Coupon Control Center (Mc3) shows couponing growth in 1988 at only 3% over the previous

ad as key factors in couponing's greater growth in 1988.

Both reports agree that newspaper free-standing inserts (FSIs) continue to dominate the coupon business: Mc3 says FSIs accounted for 77% of all coupons, while Summary Scan shows FSIs with 88%.

Early in 1989, editorials in some trade publications (though not *Decisions*) that suggested FSIs may have hit their peak created a stir in the promotion community. Obviously many people disagreed, especially the management of the two major FSI companies,

News America (Quad & Product Movers) and Valassis. They see business as strong as ever, if not stronger, considering there are fewer dates of scheduled national FSIs in 1989

than there were in 1988.

The bottom line is that there were more pages in the three FSIs in the first quarter of '89 than in the same period in 1988. Once more, since the average cost of a page is up in '89 over '88 and '87, total revenues are up.

In fact, there is a feeling among some advertisers that, with most packaged-goods companies placing 70%-80% of their coupons in FSIs, they probably should be looking for some logical alternatives. It has been generally recognized that direct mail offers the best challenge to FSIs' mass reach, color and the potential return.

One attempted move to capitalize on this perception, Metromail's "Red Letter Day" mass co-op mailing program, failed to meet or beat the efficiency of FSIs and went out of business

in the spring of 1989, despite the deep pockets of new owner R.R. Donnelley (a printer). New co-op direct-mail programs from ActMedia and the mighty American Express company also had to be canceled for lack of participation.

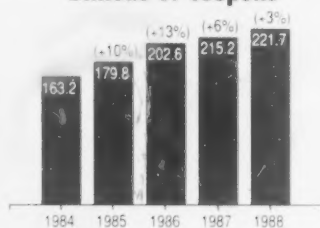
But three direct-mail companies have shown their strength by surviving the storms of '88 and continuing with co-op mailings in 1989 and plans for 1990. Donnelley's Carol Wright co-op will run ten times in 1989/90 to 30-40 million households. Larry Tucker's Supermarket of Savings will run three times in the year to different demographic segments, such as households with new babies and households with at least one member aged 50-65. Select & Save Plus has expanded its co-op with several selective options to 15 million circulation three times a year.

Gannett developed a four-color newspaper network in 1988 and began to sell 25-30 million circulation in two versions: one, a simple opportunity for one advertiser to buy the network for promotional or regular advertising; and two, a co-op couponing page that competed with FSIs. The former is moving ahead successfully. The latter has been dropped by Gannett. The major reasons for failure were high costs and several missing major cities in the package.

At Rupert Murdoch's News America Corp., Product Movers and *TV Guide* have teamed up to sell coupons in the back section of *TV Guide*, and the first issues have attracted some major players. But magazines in the past have not redeemed very well and for now the jury is still out.

Coupons also continue to show up in-store, with Act Media's national "Act Now" program and Catalina Marketing's "Coupon Solutions" front-end couponing, which has expanded to 15 major U.S. markets and 18 supermarket chains. A new entry in 1989 is "The Savings Spot," a computerized couponing display that is currently in test in Kroger and Cub Foods in Atlanta. ■

TREND IN COUPON DISTRIBUTION Billions of Coupons



Source: Manufacturers Coupon Control Center (Mc3)

Maxwell House matched coupons to a premium.

year, with 221.7 billion coupons distributed. This compares to 6%, 13% and 10% growth in 1987, '86 and '85, respectively. In fact, 3% is the lowest growth in this decade.

In opposition to the Mc3 numbers, Summary Scan, a division of the Advertising Checking Bureau (ACB), shows 1988 as a strong year, with 252.7 billion coupons distributed, a 14.6% jump over 1987, which compares with a 6% growth from the same source in 1987. Summary Scan director Kermit Meyers saw 1988's lower "irresistible" space rates and the increased use of multiple coupons in one

TV's CONTENT CONTROVERSY

WHAT THEY SAY

Thus far, discussion of television program content has largely been characterized by contentiousness and partisanship. Indeed, while many of those involved claim to speak on behalf of that elusive American constituency, the "Silent Majority," little empirical evidence of what viewers themselves think has been brought to the debate.

We at the research firm of Oxtoby-Smith recently conducted a survey among a national probability sample of 500 adults in order to determine their attitudes towards objectionable tv programming. Our objective was to provide a dispassionate forum for the voice of the viewing public.

Viewers' comments revealed an acute, pervasive distress at the content of some tv programming, a circumstance made more ominous by their willingness to support sweeping and restrictive corrective measures.

Those offended by what is shown on television are very much the mainstream. Fully half (49%) of all viewers reported being deeply bothered by the amount of objectionable material on television, while a similar number (55%) said specific measures should be taken to change the current state of programming content.

The survey found broad support (68%) for companies that withdrew their advertising from shows viewers regard as objectionable. Moreover, an equally high proportion (72%) expressed approval for consumer boycotts of companies that do not withdraw their ads from such shows.

One third (36%) of the sample felt that all such material should be taken off the airwaves, while 68% said that objectionable shows should, at the very least, be restricted to late-night viewing hours. Perhaps most ominously, 25% of all viewers thought the government should ban such material altogether by

making it illegal.

Initial reports of the survey's results have apparently caused a good deal of distress among broadcasters, advertisers and those who see in the findings a threat to the right of free speech. That response apparently also reflects the fear that these data provide ammunition for those who wish to censor the public airwaves according to their particular parochial interests. Finally, it reflects concern at the public's failure to perceive the seriousness of that threat, and, indeed, at the willingness by a disturbingly large proportion of them to embrace those censorious views.

That response is, in our judgment, an exaggerated and distorted interpretation of what viewers have said. What is being expressed is not an intolerance

of programming that is challenging or provocative or "controversial," but a rejection of a prurience perceived to be both gratuitous and pervasive.

Moreover, viewers seem to be giving voice not only to their anger at programming content per se, but to an attendant sense of frustration that those who currently control television programming are not acting responsibly. To fail to recognize that state of affairs is ultimately futile. The refusal to acknowledge unwelcome news does not make it go away.

More properly, what these findings urge is that the advertising and broadcasting communities become more sensitive to the legitimate — if disturbing — concerns of the viewing public. They urge, as well, further objective research into how viewers really feel.

David Smith is vice president of Oxtoby-Smith Inc., New York.



OUR READERS TELL US...

Our poll of agency buyers, conducted by Research USA, Chicago, shows many clients have pulled spots from controversial shows, with the agency's support. (Base = 138, unless otherwise indicated.)

1. Does your agency monitor program content for your clients?

Yes 81.9%
No 18.1%

2. Have any of your agency's clients withdrawn support from a show because of content?

Yes 70.0%
No 29.0%

a. If "Yes," do you support their decisions? Base: 98

Yes 82.7%
No 14.3%

3. Does your agency monitor cable as well as broadcast?

Yes 55.8%
No 43.5%
No answer 0.7%

4. Should networks ask producers to tone down the content of programs because of viewer/advertiser complaints?

Yes 38.4%
No 59.4%
No answer 2.2%

5. Would you suggest that a client remain in a controversial program if the cost of a spot were lowered?

Yes 18.1%

WHAT THEY'LL LIVE WITH

The "consumer revolt" against controversial television programming, along with the questions that we were receiving from our clients, prompted us to conduct a market research study to get a better sense of the scope of the issue. Is this really a grassroots consumer issue or is it simply one more attempt by a vocal few seeking to apply their own rigid definitions of what is appropriate for American viewing?

We interviewed 2,000 American adults in a sample that was balanced to be representative of the country. We were concerned that if we asked them in general terms whether they approve or disapprove of what's on tv and advertiser responsibility, we'd run the risk of obtaining responses that were "socially acceptable." So we instead

asked people to focus on specific shows and whether they personally liked that particular show; didn't like it, but felt



others should be allowed to choose whether or not to watch it; felt it should be taken off the air; and/or would refuse to buy the products that advertise on the show. We asked about shows in three categories: hosted audience participation talk shows, sitcoms

and newswEEKlies. In each category, we focused on shows that have been the target of criticism. (The one possible exception was *Roseanne*, which was included as a "control" sitcom to compare against the more notorious *Married . . . With Children*.)

We learned that while Americans are divided in their affection for controversial programs, clear majorities support their neighbors' rights to see them. Moreover, only a tiny minority seem ready to retaliate against companies that advertise on these programs.

Of the programs included in our survey, *Morton Downey Jr.* (since canceled) was the most disliked, and the one that most Americans said would make them want to boycott sponsors' products. For this show, while only 13% said they liked the show, only 4% said that they would not buy products that advertise on the show. This "would not buy" score was the highest we found. The rest of the shows covered were rated as boycott candidates by between 1% and 3% of respondents.

The only shows that more than 10% of respondents felt should be taken off the air were *Morton Downey Jr.* and *Geraldo*. No other show received such disapproval ratings among more than 6% of the sample.

For all shows that we asked about, the largest single response was "I don't know enough about this show to rate

it" (between 35% and 56% of respondents said this about any particular show).

Generally, Americans seem to hold some combination of laissez faire and First Amendment allegiance. Overwhelmingly, those who were familiar enough with each program to comment, but who didn't like the show personally, said they felt others should be allowed to make their own choice.

We also looked for patterns of disapproval and activist sentiments among demographic subgroups. The only strong, consistent pattern we found was based on age: Older Americans are more likely to object to controversial programs. However, this group is especially unlikely to vent its displeasure against advertisers, overwhelmingly rejecting calls to boycott products advertised on the programs.

Of importance to advertisers, no group appeared particularly ready to take up the cause of cleaning up television by boycotting products. Americans seem to prefer registering their likes and dislikes with their channel changers more than with the checkbooks.

Clearly, no matter how small the percentages, there remains some risk in advertising on controversial programs, whether the programming be "trash tv" or highly charged "issue" programming like *Roe vs. Wade*. On the other hand, the audience and pricing reasons for choosing that show may outweigh the risk, particularly given that the risk appears to be relatively small. And further, even if you believe that television time is a commodity and that you can just as easily substitute a controversial show with a noncontroversial one, there is something to be said for not bowing to a small, vocal minority that, clearly, does not represent the will of the American people.

Jeri Moore is senior vice president/director of Marketing Decision Systems for DDB Needham, Chicago.

No	76.1%
"Depends"/No answer	5.8%

6. Do you think there are any positive aspects to remaining with a controversial show despite viewer complaints?

Base: 92

Yes	66.7%
No	30.4%
No answer	2.9%

If "yes," why?:

Higher ratings	31.5%
----------------	-------

If it reaches target audience	15.2%
-------------------------------	-------

Shows pressure groups that advertiser will not be intimidated	12.0%
---	-------

Shows commitment to serious issues	8.7%
------------------------------------	------

People who support show will support advertisers	7.6%
--	------

Lower costs	6.5%
-------------	------

Other	13.1%
-------	-------

No answer	5.4%
-----------	------

ECONOMIC EYE

ISN'T THAT SPECIAL

Though the vault was empty and critics scoffed at its execution, *The Mystery of Al Capone's Vaults* is still the most watched syndicated special of all time, according to Nielsen. Six *Solid Gold* specials also rank among the top 25 of the last 16 years.

MAGAZINE AD SCORECARD

	Ad Pages July 1989	% change from July 1988	Dollars spent (000)	% change from 1988
1. Skin care, Creams, Lotions and Oils	138.28	68.3	5,463.7	95.1
2. Lip and Eye Beauty Products	45.98	-27.5	1,857.4	-32.5
3. Scents and Fragrances	44.21	96.2	1,633.8	172.1
4. Facial Makeup Products	13.33	-51.2	369.1	-61.3
5. Prepared Dinners and Entrees (including pizzas)	28.08	72.9	1,493.3	72.3
6. Liquor	343.85	23.6	15,709.6	25.1
7. Cigarettes	587.89	15.4	35,092.8	23.1
8. Soaps and Detergents	48.55	25.0	3,479.3	69.1
9. Passenger Cars, Domestic	272.67	4.2	15,113.4	10.6
10. Passenger Cars, Imported	451.25	-2.4	24,960.7	5.7

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

1989

	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	Apr.	% change	May	% change
Network TV																
Daytime	82	-16	80	-14	73	-10	77	-17	68	-15	68	-15	72	-7	67	-12
Nighttime	114	-9	113	-2	109	-2	122	+8	120	-19	125	+11	112	+13	127	+16
Spot TV																
Prime time	128	+6	104	+3	129	+5	141	+10	127	-2	125	-4	131	+5	126	+0.3
Daytime	106	-5	102	-10	99	-6	116	-5	120	+11	97	-1	100	+5	101	-1
Network radio	131	+8	125	+10	119	+12	158	+8	142	+10	139	+15	128	+10	131	+13
Spot radio	-	-	-	-	110	-3	-	-	-	-	118	+12	-	-	-	-
Consumer magazines	115	+5	118	+6	119	+6	122	+6	122	+6	122	+6	122	+6	122	+6
Natl. Sunday magazines	130	+10	130	+10	130	+10	129	+10	129	+10	129	+10	129	+10	130	+12
Business publications	118	+5	120	+6	120	+7	119	+2	119	+2	119	+2	119	+2	123	+6
Newspapers	124	+7	124	+7	124	+7	131	+5	131	+6	131	+6	132	+6	131	+6
Outdoor	137	+11	137	+11	137	+11	137	+11	137	+11	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

MARKETING & MEDIA DECISIONS

OCTOBER 1989 • \$4.00



HOT WHEELS

Mazda's finally got a winner—the Miata. Can it keep the pace? Group VP George McCabe (right) and Advertising VP Jan Thompson rev it all up.

***** 5-DIGIT 20614
0711 00161861 41 93 000000 B151
GREG CHRIS B001
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814
**

THE GROWING SISTERHOOD

Publishers
learn the
new rules of
women's service.



MARKETING & MEDIA DECISIONS

COVER STORY

MAZDA'S SPORTING CHANCE 24

The Miata represents more than just the return of the sports car — it's Mazda's chance to shine. The sexy little car has won raves from critics, and consumers are paying \$3,000 above the sticker price to get behind the wheel. But its success has done something more — it has driven its fourth-placed Japanese parent to a more secure place in the U.S. market.

FEATURES

TEMPORARY SOLUTIONS 33

The lean-and-mean media machine can sometimes short circuit. That's when media managers turn to media temps to keep things moving smoothly. So far, it's mostly on the buying side, but the option's advantages could lead to more widespread part-time work for those media people on the bench.

SISTER POWER 38

The seven women's service books, traditionally known as the "Seven Sisters," have found some new energy and direction, both editorially and in their marketing efforts. Circulation, however, remains a soft spot, and a new eighth "Sister" is stirring up the whole field.

BRAND REPORT 165: LAUNDRY DETERGENTS 87

In a market where suds are suds, marketers are looking for unique advantages to break the consumer mindset when choosing a detergent. Liquids now command a 40% share of the \$3.5 billion market, scents have become an issue and events are part of the marketing plans.



SPECIAL REPORT

MEDIA DEPARTMENT SOFTWARE 47

A computer is only as good as its software, and increasingly, software plays a deciding role in media departments as well. Media managers are making software decisions that ultimately can determine their competitive edge. This report looks at how agencies configure their software bases and apply their data (pg. 48).

A second feature (pg. 61) offers a guide to the major buying and planning programs currently in the market.

DEPARTMENTS

PRO FILES 6

Larry Orell moves ahead at Lord Einstein O'Neill; Nina Rosenthal directs Y&R's new tv programming unit.

LETTERS 8

A final word on the "Last Word" . . . Yellow pages update . . . Three cheers for "Sales Promotion."

DEBUT 10

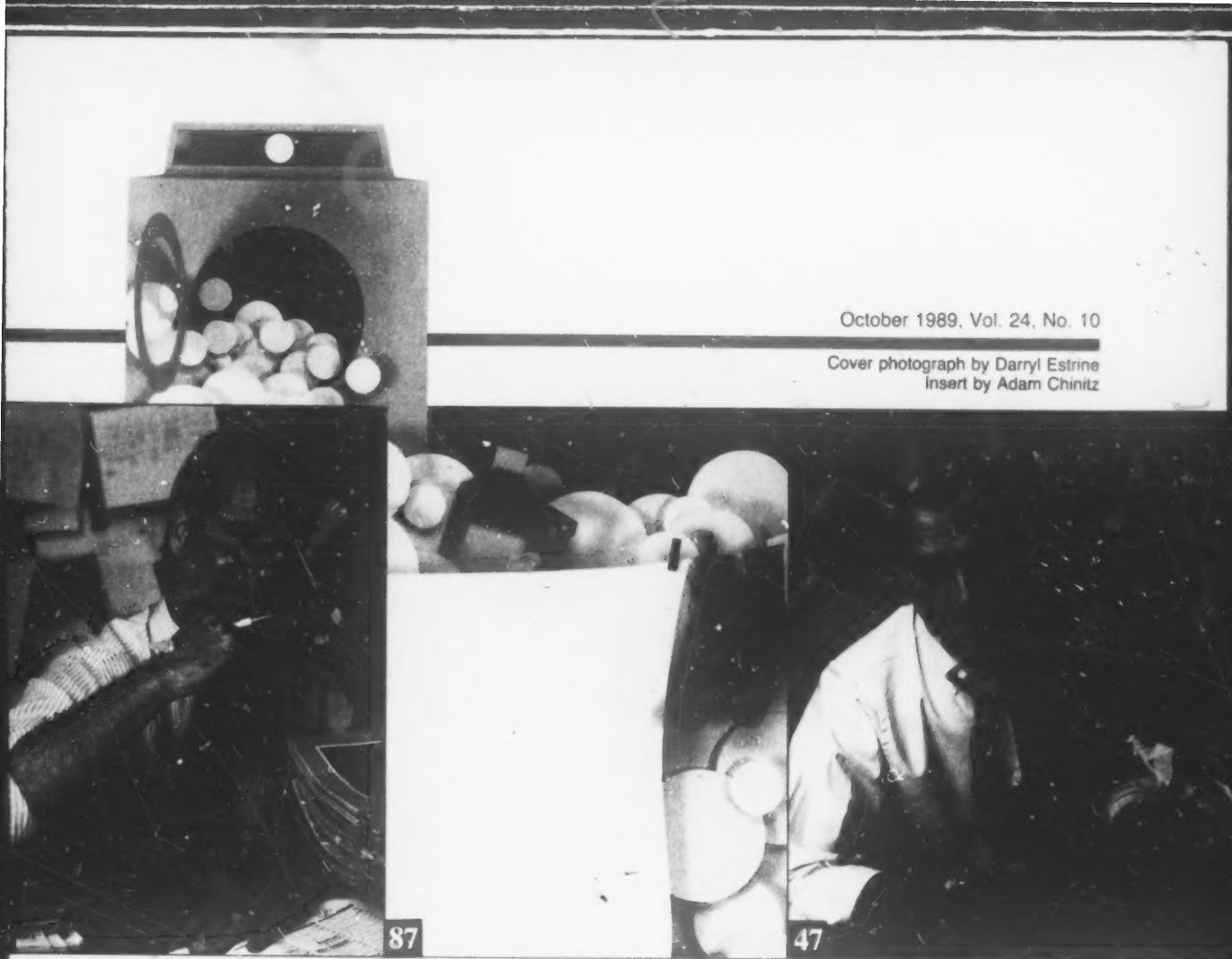
Film buffs with an appetite for gossip, behind-the-scenes interviews and Hollywood lifestyles are being treated to a new magazine this fall.

PRINT BEAT 17

The ABC's of software . . . The inside scoop on soap opera *Episodes* . . . Hearst looks to the stars . . . Newspaper page ratings.

CREATIVE CONCEPTS 22

The use of 15-second commercials has dramatically increased over the last five years. While concerns still abound, some recent creative uses of :15s show the spots can be highly effective in tv plans.



October 1989, Vol. 24, No. 10

Cover photograph by Darryl Estrine
Insert by Adam Chinitz

87

47

BROADCAST BEAT 99

West Coast prime time on the move . . . Sports reports from broadcast and cable networks.

POINT/COUNTERPOINT/POLL 102

With budgets in the works for the coming year, Chris Sutherland of the PMAA and the 4As' John O'Toole offer encouraging predictions for 1990. Our reader poll of client-side execs shows promotion with bigger increases.

ON THE DOCKET 104

While most companies currently offering electronic publishing services don't object to competition from AT&T, they are worried that the Baby Bells could adversely affect their business.

SALES PROMOTION 108

Special-event and sponsorship-type promotions are growing in popularity as marketers look for new ways to get some "sizzle" with their marketing dollars.

ECONOMIC EYE 110

The surprising newspaper reading habits of teenagers, our magazine category scorecard and the Media Cost Index through June 1989.

LAST WORD 112

A trio of professors from Dartmouth College and the University of Chicago advance the idea of "framing," noting that advertising works best in conjunction with actual brand usage.

AS THEY SEE IT

TELEVISION *Thom Miller* 73

Advertisers have to learn to attract the attention of "video grazers."

MAGAZINES *Pamela Barnett* 76

Some tips for preparing planner-friendly media kits.

RADIO *Dennis McGuire* 77

The first of a two-part look at the '90s, focusing on changing technology and increasing radio expenditures.

BUSINESS-TO-BUSINESS *George Tibball* 83

Honesty is the best policy in explaining creative-service costs to clients.

MARKETING & MEDIA DECISIONS (ISSN0195-4296) October 1989, Vol. 24, No. 10 Copyright © 1989, Decisions Publications Inc. Published monthly. Executive, editorial, circulation and advertising offices at 401 Park Avenue South, New York, N.Y. 10016 (212) 545-5100. Available without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. \$48 for 12 issues. Canada \$60. Overseas \$70 (surface mail). Airmail — add \$70. Single copy \$4.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. Postmaster: Send address changes to Marketing & Media Decisions, P.O. Box 6069, Duluth, MN 55806-9769.

to pair and focus on building the media kit to support it. Ideally, this will vary depending on the client or category.

3. *Relevancy of contents.* Highlighted in the majority of the kits were numbers that were at best vague and at worst misleading. For example, no media planner is interested in:

- Duplication of a health-oriented magazine with general business and financial magazines. It is obvious and irrelevant that there is little duplication.

- SMRB runs showing a W25-54/HHI \$30M+/Employed demo that is not even close to a brand's W18-34 target. The quantity of random combinations of demographics that are often included in most media kits is enormous.

- Being shown that the mean reading time for an issue of one magazine is one-and-a-half times longer than another book, without mentioning that the first magazine has three times the number of pages.

- Seeing the same information in three different forms — one graph, one pie chart and one plain old numbers chart. Not only is this time-consuming, but pointless as well.

It is always obvious when numbers are included only because they show off the magazine in the best possible light. We don't want to see "good" numbers just to see them; we are interested in quantitative support of a magazine only in the context of our particular brand.

4. *Rate cards.* I would like to see all rate cards produced as 8 1/2" x 11" pages with three holes punched down the left hand side. Currently, virtually all rate cards are saddle-stitched booklets with negligible differences in their dimensions of 9" x 3 3/4" (yes, I actually measure them). The problem is, the present format and dimensions make rate cards difficult for media planners to keep in an orderly fashion. With this new sizing standard, we can put all rate cards in three-ring binders, referring to them easily.

Not being one to stifle creativity and individuality, the rate card can be as creative and glitzy as the magazine chooses. Attaching tabs or using glossy paper are just two examples. This allows them to be both unique to the magazine and put to use by media plan-

ners. As a side benefit, it saves the sales rep from being deluged with needless calls about the open rate.

Media kits are not all that bad. They certainly have the ability to provide information to those agencies with few other resources; they can also show a new way of looking at a magazine. The problem is that all of the useful information is hidden among pages and pages (and pages!) of fluff. My image of an ideal media kit includes:

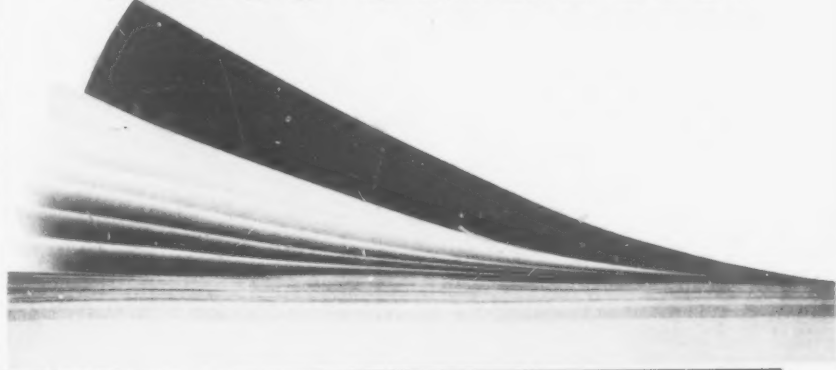
- A rate card in the new, improved format;

- A concise editorial profile;
- A current ABC or BPA statement;
- A current issue of the magazine;
- The sales representative's business card;

- An editorial calendar;
- No more than five sales sheets containing information that is relevant to my client (ideally, more words than numbers), making one overall point.

If a rep hands me a media kit based on these new specifications, not only will I keep it, but I will refer to it as well. What more can a magazine's sales rep ask? ■

Look inside to see who's outdoors.



RADIO

Dennis P. McGuire

*Radio supervisor,
Ayer, New York*



RADIO 1990

Here come the '90s, and as the decade approaches, the time is right to assess the state of the oldest broadcast medium. To keep

things simple, this will be presented in two parts. Part I will deal with how and why radio expenditures are increasing. Also to be discussed is the technological impact on the way radio is planned and bought. Part II, at a later date, will deal with the national reps.

Radio advertising is the end-product of a variety of proprietary interests:

- The client wants to sell a product or service.
- The agency wants to develop creative commercials and plan and negotiate spot placements that will reach the largest number of potential customers at the most reasonable cost.
- Radio stations want to supply advertisers with listeners, and the local salesforce and the national reps want to facilitate the negotiating process.
- Underscoring all of the above is the desire to turn a profit.

What are the most dramatic changes affecting the interrelated processes just listed? I see the following:

- Increased technological advances, which will result in a greater dependency on . . .
- Computer hook-ups, which will expedite information and advance communication among clients, agencies, national reps and local station management.
- Greater involvement on the part of the national reps, particularly in their desires to advance the concept of . . .
- Unwired networks, which in turn form a pivotal cornerstone of the . . .
- National rep marketing departments, set up to bring in new radio users. These corporate departments include the concept of the "Radio Store."

Let's put the medium in perspective. Exhibit I (on following page) reflects the ten-year growth in radio in all three divisions: local/retail, national spot and wired network. From 1979 to 1988, expenditures in radio advertising grew \$4.7 billion to a total of \$7.9 billion. As a point of interest, in 1935 a little less than \$80 million was spent in all radio. Today that's the radio budget for a good-sized beer account.

Local/retail spending still accounts for the lion's share of all expenditures: 67% in 1969, 76% in 1979 and 77% in 1988. Exhibit II shows the pure dollar growth for the same ten-year period. (Be advised that spending for

Read the news to see who's in print.



1989 is estimated and based on an average of the plus or minus growth percentages for the three preceding years. This is not very scientific, but it does allow for acceptable projections.)

Exhibit III details national spot expenditures. In terms of raw dollars, this is the second-largest pool of money, accounting in 1988 for \$1.4 billion, or 18% of spending. In past years, national spot accounted for 29% in 1969 and 20% in 1979. Although its percentage share against all radio is shrinking, its pure dollar amount continues to grow (a bad year like 1987 notwithstanding). It appears that 1989 may be a banner year for national, with growth between 5% and 8%.

Wired network radio is next up for consideration (see Exhibit IV). The smallest division in terms of expenditures, wired network accounted for approximately \$382 million (or 4.8% of all spending) in 1988. As a point of comparison, its shares in 1969 and 1979 were, respectively, 4.2% and 4.4%. So here we see some growth. As more national accounts increase their outlets for product distribution,

we will continue to see an increase for wired network radio.

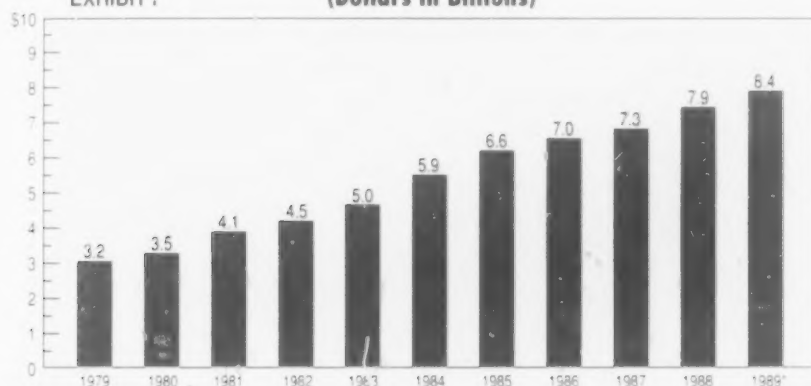
The money in all three areas is being spent on a greater number of broadcasting radio stations. Since 1980 1,216 new radio stations have gone on the air. This represents an increase of 15%. Consider that, in the same period, total radio expenditures have increased \$4.4 billion, or 226%. So the increase in new radio stations (1988 total now stands at 9,087) is only a fraction in proportion to the rate of growth in expenditures.

Also note that 873 of these new stations (or 72%) are FM facilities, bringing the FM share of the 1988 total to 45.7%. With their younger listeners, these stations have become a "must" for any buy aimed at 25-54-year-olds or younger.

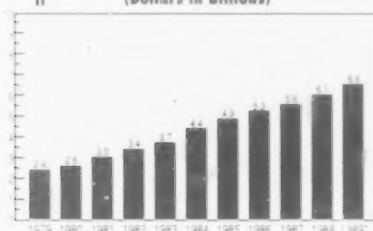
Why the dramatic increases in radio spending? The Radio Network Association has espoused a few rationales. First up is the fact that network television's audiences are dropping while its prices increase. The group also maintains that magazines and newspapers are losing circulation and are

TOTAL RADIO EXPENDITURES 1979-1989 (Dollars in Billions)

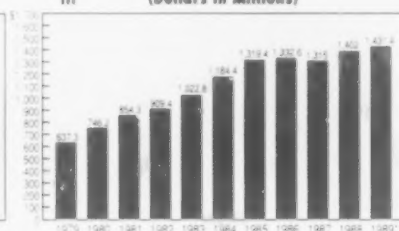
EXHIBIT I



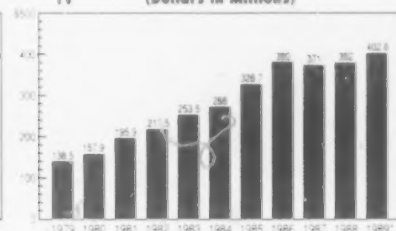
LOCAL/RETAIL RADIO EXPENDITURES
1979-1989
(Dollars in Billions)



NATIONAL SPOT RADIO EXPENDITURES
1979-1989
(Dollars in Millions)



WIRED NETWORK RADIO EXPENDITURES
1979-1989
(Dollars in Millions)



* Estimated. Based on average growth (+/-) for the three previous years. Figures supplied by the Radio Advertising Bureau, N.Y., N.Y.

raising pricing dramatically because of postal and production increases.

But there are other reasons. For one, claims the Radio Advertising Bureau, radio has a greater impact when considering the immediacy of exposure to a medium. RAB research shows 51% of all adults 18+ were last exposed to radio within one hour of making the largest purchase of the day. That percentage is more than twice as large as the next runner-up, outdoor, with only 24%.

Furthermore, says the RAB, radio has the shortest time lapse from exposure to medium to actual purchase — one hour, 48 minutes. Again outdoor is in second place, with two hours and 54 minutes.

Advertisers also are becoming more aware of radio's strong promotional opportunities. On-air contests and tie-ins to existing radio features (such as trivia games and entertainment reports) give the client the added value of additional name exposure and programming association. Furthermore, local DJs and personalities may "talk up" a product that they like. This imparts to the listener implied personality and sta-

tion endorsement. On-air promotions and tie-ins are available to national advertisers on a wired network basis. In this regard, long-form programming can be used for merchandising promotions.

The Tech Connection

Whatever the reasons, radio advertising is continuing to grow. Let's see how technological advances will affect the placement of increased spending.

In the 1970s and '80s we used overnight mail and Federal Express to get presentations, contracts, invoices and affidavits of performance. Now, "Fax it to me!" Those four words have

V



changed the way we do business.

What we gain in efficiency, however, could be offset if we give up the most important component of our business, person-to-person contact. Too often buyers are telling the reps, "Don't stop by; just fax the avails to me." This is a two-edged sword that cuts deep with both planners and buyers. Clients can and have requested plans and completed buys by fax with the intention of reviewing them without on-the-spot agency feedback, explanation and clarification. For the sake of efficiency, we should not have to sacrifice the education, explanation and evaluation that come with interpersonal relationships.

But faxing gives a glimpse ahead. I believe that in the next few years we will see a greater dependency on computer hook-ups to expedite our business. Exhibit V illustrates the channels of communication that can be opened up among those in the negotiating process.

Let's imagine for the moment that political considerations have been swept aside. What we have is a communications system where all the major

MUST READ!

"Why do I read Marketing & Media Decisions?"



"I have been an avid reader of **MARKETING & MEDIA DECISIONS** for 23 years now. I regard the magazine as the most important trade publication for the media industry. It is topical, controversial, and essential reading for my staff."

— Alan Goldin

Vice President, HOUSE OF SEAGRAM MEDIA

MARKETING & MEDIA
DECISIONS

players have access to each other in varying degrees:

- The planner alerts the buyer to a buy authorization. (Goals having been determined by the planner working in conjunction with the client.)

- The buyer channels the information that he or she wants known to the sales rep or local salesperson. (Agencies such as Ayer have an avail line that salespeople call every morning. Perhaps in 1992 the sales staff merely will open up their computer screens and access an agency code to check if business is pending.)

- Armed with the agency's specs for a buy, the salesperson checks into the station's avail screen.

- This information is then channeled to the buyer, who, supplied with info from other reps, makes the buy on, as an example, "Buyers Worksheet." (This is the Donovan Data System Program for making buys in the terminal.)

- The completed buys can then be accessed by the client.

All of the above has taken place without any personal interaction. At this point two questions arise:

1. Isn't it conceivable for the buyer to access the stations' availabilities without going through the salespeople?

2. With a greater dependency on technological support systems, is there a possibility of a cutback in the advertising labor force?

The answer to both questions is, as usual, yes, but . . .

In regards to the first question, station managers will not want direct agency accessibility to their avails. After all, pricing is based on supply and demand, whether real or illusory, and managers will not want to give up the competitive edge that this one-sided knowledge offers. Stations will continue to employ local sales teams and national reps to act as negotiators for spot time. No manager worth his or her mettle will give up control of the inventory and the advantage of establishing pricing.

The only change that may develop is the size of the sales teams, and that relates to the second question. If fewer buyers and other agency personnel are needed to plan and expedite buys, there would be a corresponding cutback in the number of sales personnel needed to service the agencies.

Within the last five years the advertising agency business has seen great change. Mega-mergers and a consequent greater emphasis on cost-control with an eye to more profit has seen the number of employees at many agencies decrease. Yet in spite of these considerations, the advertising industry is healthy. The U.S. Bureau of Labor Statistics puts total ad employment at approximately 249,800, up 10% over 1988. Of this total, 180,800 are in agencies, also up 10%.

Those who remain in the business, whether buyer or seller, will be expected to increase their contributions to the agency or station. And an employee becomes more valuable as he or she develops greater proficiency with the computers and software that will become his or her daily work tools.

Also remember that as clients pour more money into radio, there will be a need for knowledgeable executives to negotiate the expenditures. So to protect your future, learn to work with the apparatus at your disposal. ■

BUSINESS-TO-BUSINESS

George Tibball

*President,
STG Marketing Communications,
Fairfield, Conn.*



LET'S BE HONEST ABOUT RATES

Why does it cost so much?" Is there any agency executive who hasn't heard this question from

MUST BUY!

"Why do I buy Marketing & Media Decisions?"



"Each month **MARKETING & MEDIA DECISIONS** covers the entire media business better than any other publication I read. We rely on it for reaching media professionals and marketers looking for the latest information on new trends in media. It is a must buy for us."

— **George B. Dippy**

Publisher, BON APPETIT

MARKETING & MEDIA DECISIONS

BRAND REPORT

No. 165: Laundry Detergents

WASH 'N' WAR

by Brian Bagot

On the winding road of life, the only thing that's sure about a "sure thing" is that it probably isn't. But there is one constant that stands by itself in a world of variables

— the Sisyphean chore of laundry.

No matter how close that final spin gets us to moving the laundry mountain, a new day unfolds into a week, and once again we have to dig out from the avalanche of socks, jeans, underwear, fine washables and stains. For-

LISA TYSKO

LAUNDRY DETERGENTS EXPENDITURES* (000)
January-December 1988

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor
Tide	24,541.9	8,220.5	11,228.0	281.6	621.0	275.9	2,541.0	986.8	—	387.1
Surf	23,304.1	14,536.7	5,302.5	60.4	327.2	—	1,939.1	1,020.6	117.9	—
Cheer	12,086.3	5,010.2	4,689.3	535.4	1,402.9	—	—	448.5	—	—
Wisk	13,902.4	3,781.1	6,759.2	299.4	487.3	156.1	1,564.6	854.7	—	—
All	7,789.1	2,748.7	3,883.9	139.7	683.8	—	—	333.0	—	—
Fab	17,318.0	12,141.4	3,016.7	194.6	769.7	15.0	173.0	1,007.6	—	—
Bold	330.8	—	0.6	—	—	—	—	330.2	—	—
Era	8,905.5	1,196.8	6,607.2	317.7	509.1	—	—	274.7	—	—
Purex [†]	251.9	—	—	—	—	—	—	251.9	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertiser (LNA); Radio Expenditure Reports (RER); Media Records (MR). *No LNA figures available for Arm & Hammer, ranked #9.

tunately, doing laundry has come a long way from banging the wash against rocks at the local river.

In a mature market where the consumers are all looking for the same result — clean wash — detergent makers, or “soapers,” are busily targeting niches and specific laundry problems with brand-extended formulations. Some feature powdered detergent and bleach combinations, such as industry leader Tide; others offer odor killers, as in Surf; and enzymes and fabric softeners in liquid formulas tackle the toughest stains.

Powders currently make more suds in the market, while liquids, after strong growth with the introduction of Tide and Surf liquids, have leveled off at about a 40% share. The top eight brands take up more than 74% of the \$3.5 billion laundry detergent market, which is dominated by two notoriously tight-lipped soapers, Procter & Gamble and Lever Brothers, with 44% and 31% of the market, respectively, according to Kidder Peabody.

With seven of the top nine brands between them, overlapping messages is a concern for P&G and Lever. So in addition to restricting flight patterns to keep one brand on the air while the others are grounded, they emphasize more than just clean clothes or being a powder or liquid. Benefits, such as stain removal, pricing or all-temperature capability, are stressed.

To tap more deeply into the traditional demo — mothers 25 to 54 — tv is the main ad vehicle used, with most commercials running on soaps, talk and game shows, as well as in family-oriented prime time. Most brands avoid violent and adult-skewed programming. But Wisk, which is also taking aim at the younger end of the demo, has aired spots during action shows such as *Hunter* and *The Equalizer*.

Only four of the leading brands — Tide, Surf, Wisk and Fab — used print last year, according to LNA, and these turned to the women's service magazines. All of the leaders invested in newspapers, says LNA.

“The primary strategy seems to be spending money,” notes Bonita Austin, cosmetics and households products analyst with Wertheim Schroder & Co. But it's not just spending on advertising, which LNA pegs at about \$96 mil-

lion in 1988, for the eight leading brands. In fact, expenditures in traditional media have slowed in the past five years. Figures for the top eight brands in 1983 totaled \$103 million. Remember also that the not-yet-national Surf only spent \$400,000 that year.

Detergent users tend to hold allegiance to a group of brands rather than being loyal to just one, so couponing and trade promotions, such as off-invoice pricing are used by all of the soapers to earn an advantage over the competition. Numbers from the Advertising Checking Bureau regarding promotion activity show that FSIs were the most widely used promotion by soapers last year, accounting for 71% of the total redemption dollars, while

is transferred to this venue. This includes Tide's race car, Wisk's fireworks displays and Surf's Soap Opera All Star softball team.

This move has met with mixed reviews. Dodds notes that although these events are hard to quantify, “you have to realize this not only helps from the driving sales standpoint; they can be used as a merchandising tool. You can go into a market where you're not that strong and get the trade excited. Your target audience in one sense is the consumer, in the second sense the trade.”

But Gary Stibel, a principal with New England Consulting Group, views these moves as an “unhealthy trend. The reason why brand names today are worth what they are is because of what manufacturers and marketers spent

P&G is expected to spend \$30 million on advertising in '89, with a big push behind Tide with Bleach.

direct mail took second place with 18%.

The annual spending by 15 laundry-detergent brands tracked by ACB was \$130 million, which includes \$112 million in redemptions and \$18 million in space costs. Although ACB would not identify the brand that spent heaviest, that brand accounted for 20.4% of the total, while the second and third did 11.3% and 10.6%, respectively.

Event marketing is also a major way soapers keep their brands afloat. Matthew Dodds, an account executive with BBDO, the agency which handled Wisk until the brand moved to J. Walter Thompson in August, says as brands pull back on traditional media, money

yesterday to make them worth that,” he says. “There are only two ways to enhance an image of a brand name in the eye or the pocketbook of the consumer.” These are superior performance in reality, he says, and superior product performance in perception. While Stibel adds that there are various forms of superior marketing, he feels advertising is the best of all.

“Ten years ago, for somebody to sponsor a race car, that was brilliant. Today, that's no longer brilliant,” he states.

Another strategy Wertheim Schroder's Austin notes is preempting a competitor's brand extension. She cites P&G's introduction of Tide with

Bleach once Clorox started to take its detergent-with-bleach product national. "Nobody had a product like that on the market until Clorox started making rumblings about rolling their product out nationally," she explains. Its share of detergent sales through food stores is estimated to be 0.5%.

One entry the soapers are glad they didn't preempt is Fab I Shot, the unit dose product from Colgate-Palmolive, whose sales went down the drain after the initial heavy promotions and advertising wore off. As Jay Friedman,

senior vice president with Kidder, bluntly states, "Fab I Shot was a bomb. No one wanted to use it."

Targeting the convenience user with a product that contains detergent and fabric softener in one pouch looks great on the drawing board. But consumers, despite Fab's \$17 million spent on media last year, still don't think measuring out their detergent is such a hassle.

"Consumers did not like unit dose packaging because it didn't offer them much control," says Jesse Lynn, Jr., Ph.D., development director of laun-

dry detergents for Lever Brothers Co. No Colgate executives were available to comment, while the agency, Foote Cone & Belding, deferred all questions to the client.

The following is a look at what the leading laundry-detergent brands, as ranked by Kidder Peabody, are doing to keep from washing out.

Tide

The leader in dollar share is also the leader in ad expenditures, with more than \$24.5 million last year, according to LNA. This is expected to hit \$30 million this year as P&G gets behind Tide with Bleach, though that's unconfirmed. The company would not talk about advertising or marketing for any P&G products.

Available in powder, liquid and powder with bleach, the brand has 27.5% of the market, with the powder taking 18.5%, estimates Kidder. Tide with Bleach, which was introduced in January, has 2.5%.

The powder is positioned as a premium heavy-duty detergent for a wide range of soil problems, while Tide with Bleach has the added benefits of a color-safe bleach. There is also an unscented powdered Tide, targeted at consumers who don't want added fragrances in their wash.

Tide liquid is also a very strong performer and leads the liquid category with 9% of the detergent market. Its cleaning power is comparable to Tide powder but also offers enzymes for removing protein-based stains.

With an emphasis on kid dirt, the Tide dual liquid and powder ads from Saatchi & Saatchi have run in women's service books, including *Better Homes and Gardens*, *Family Circle* and *McCall's*. Also on the list are some general-interest magazines, such as *TV Guide*, *Star* and *People*, as well as targeted books such as *American Health*, *Parents*, *Essence* and *Glamour*. Total magazine expenditures were \$2.5 million last year, according to LNA.

Television was used heavily last year, with \$11.2 million going to spot, \$8.2 million in network and \$902,600 in cable and syndicated flights.

Surf

After going national four years ago, Surf was able to come on strong by

To cover Houston, split your buy between the two biggest newspapers:



creating a new laundry problem — odor — a move that allowed the brand to surpass Cheer as number two and step over other established brands. The prize: about 10% of the market.

Stibel at New England Consulting Group explains that Lever Brothers went beyond clean, white and bright in its positioning as an odor remover. "They identified another sense to appeal to," he says. "For the first time in many years, Procter was dealing with a competitor that had an attribute that its brands were not pushing."

The fast lane does have its price, however. Lever, which would not comment on any aspect of its marketing or advertising, spent more than \$23 million on advertising last year to help bouy the brand, which is available in liquid and powder, according to LNA estimates.

The idea to target "B.C.O." (bad clothes odor) is based on the company's market-research studies indicating that odor removal ranks as "an extremely important attribute" desired

magazines like *Jet* and *Parents* are carrying ads drawn by kids as part of a promotion to answer why their mothers need to use Surf.

Surf's primary aim is to pull in women in the 18-54 group who are part of an active family where sweat and fun go together. "Surf is targeted toward people who work hard or are into physical things," explains a company spokesperson.

In addition to a big media budget, promotions also play a big part in keeping Surf from receding. With its active-

lifestyles image, the brand sponsors sports-oriented events, such as the Surf All Stars, a softball team of soap-opera stars who play local celebrities across the country for charity.

Surf also did some outdoor in Hispanic markets, although the figure was not tracked by LNA, and the agency would not go any further than to confirm the ads.

Cheer

Although most laundry detergents work adequately in all water temper-



Lever enlists the kids to tell why moms need Surf.

by consumers from their laundry detergent.

With odor removal as the core theme, the ads from Ogilvy & Mather have run during daytime soaps and game shows, as well as prime-time programming that includes 227, *Favorite Son* and *Secrets Men Never Share*, for a tv spending total of close to \$20 million, according to LNA.

In print, women's service books include *Woman's Day*, *Good Housekeeping* and *McCall's*. Special-market

The Sunday Chronicle and the daily Chronicle.

Surprised that The Houston Chronicle sells the two biggest newspapers in Houston? Well, it does.

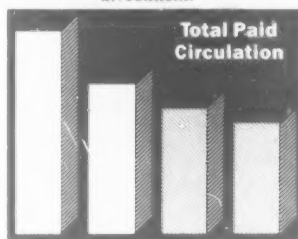
The Sunday Chronicle sells 222,998 more papers than the city's other Sunday paper, giving it a 61% lead. And the daily Chronicle? It's got a 33% lead over their daily edition, and even outsells their Sunday paper by 64,996. The Houston Chronicle is also the largest paper in the Southwest and one of the top 20 papers in the country.

So if you want big advertis-

ing results, give us a call at (713) 220-7761. One phone call, and you'll get Houston's two biggest newspapers.

Houston Chronicle

Houston's primary advertising investment.



Sunday Chronicle	Daily Chronicle	Sunday Post	Daily Post
585,845	427,843	362,847	322,193

Calculations computed from the March 31, 1989 Publisher's Statements for The Houston Chronicle and The Houston Post

Prehistoric, fascinating
found in cave
Page 15A



Very exciting to read
African heritage
Discovery

Chronicle

25 Cents ***

expected in the future.



P&G demonstrates Cheer's all temperature cleaning power.

atures, Cheer makes a point that it's "all tempera-Cheer."

Under the Cheer brand from P&G, which has 7.5% of the market, there is a powder, a liquid and a new Cheer Free, a perfume and dye-free product for consumers with sensitive skin or those who prefer not to have cosmetic agents in their wash. It's currently being test marketed in the Minneapolis and Denver areas.

"There still is a technological positioning for Cheer," explains a P&G spokesperson. "Tide and Bold do a very good job, but if you want ideal washing conditions, Cheer is specifically formulated for cold, warm and hot water."

In addition to stressing "all temperature," the ads from Leo Burnett position Cheer as the product for removing dirt, clay, mud and a wide range of soils. The liquid product also claims an edge in working on greasy stains.

Media expenditures totaled \$12.1 million last year, according to LNA, with \$5 million going to network tv and \$5 million to spot. Programming bought

last year included *Circus of the Stars*, *Knots Landing*, daytime soaps and *Sale of the Century*, according to Arbitron's Broadcast Advertisers Reports. Greg Florek, media director of Leo Burnett, says that Cheer uses a fair amount of daytime tv, with some night-time supported syndicated vehicles.

Wisk

Once the leader in the liquid laundry-detergent category, primarily by default, Wisk in recent years has had to contend with new entries, usually in the form of brand extensions, from the likes of Tide, Surf and All. It now has about 71% of the total detergent market, says Kidder, placing it fourth in the entire category and number two in liquids behind Tide.

"For a brand like Wisk, this is serious competition," says Matthew Dodds at BBDO, Wisk's ex-agency. "Over nine liquids have come into the market in the last five years."

Now, along with J. Walter Thompson's appointment as Wisk's new agency, comes new Advanced Action Wisk, an improved formula that contains enzymes and works better than the current formula on stains, according to a Lever spokesperson. Neither the company nor the agency would comment any further on the new product's introduction, the marketing strategy or even when the product hits the shelves.

Wisk has been positioned as a tough stain fighter, although in recent years an attempt has been made to position the brand not just for the pre-treatment of ring-around-the-collar, but as good for the whole wash. In an effort to grow Wisk out of the ring-around-the-collar syndrome, Lever even is test-market-



Wisk has had a tough fight for its share of the liquid segment.

ing a powdered product in Phoenix and Houston.

With female heads of households 18-49 with incomes of \$35,000-plus as the target, Lever last year used a mix of :30s and :15s on network and spot prime and daytime in programs such as *thirtysomething*, ABC's *Monday Night Movie*, *The Price is Right* and soaps. The total tv bill, according to LNA, was about \$11.2 million.

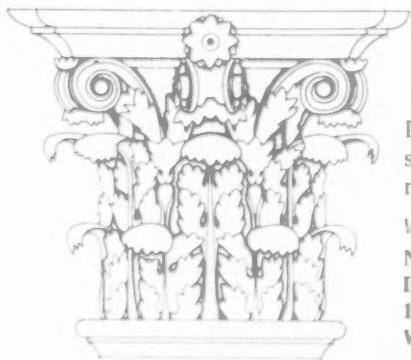
Magazines also target the demo and include *Good Housekeeping*, *Parents*, *Family Circle* and the *National Enquirer*. LNA put the magazine cost at \$1.6 million last year.

Event marketing was also used, according to Dodds, in the form of Wisk Bright Nights fireworks displays in major cities, including Miami, New Orleans, Baltimore, Denver and Philadelphia. This was supported by spot radio, primarily during drive time, to get reach in the area.

MI

All is another Lever Brothers product positioned as a tough stain lifter that can get the whole wash clean. It's available in powdered and liquid formulations, with 3.5% and 3% of the laundry market, respectively, but not as much ad money was put behind the brand as with Wisk. Last year, Lever invested about \$7.8 million in joint media buys on spot and network tv during shows that included *Slap Maxwell*, *Golden Girls*, *Full House*, as well as daytime soaps and *Wheel of Fortune*.

No magazine advertising was done last year, and neither the company, nor



PRESERVATION PLAN ON IT

Planning on restoring a house, saving a landmark, reviving your neighborhood?

Write:

National Trust for Historic Preservation
Department PA
1785 Massachusetts Ave., N.W.
Washington, D.C. 20036

Children believe what their parents tell them.

"You disgust me!"

"You're pathetic. You can't do anything right!"

"You can't be my kid."

"Hey stupid! Don't you know how to listen."

"I'm sick of looking at your face!"

"I wish you were never born!"



Words hit as hard as a fist.
Next time, stop and listen to what you're saying.
You might not believe your ears.



Take time out. Don't take it out on your kid.

Write: National Committee for Prevention of Child Abuse,
Box 2866E, Chicago, IL 60690

the agency, Lintas, would comment on why. But industry watchers say that All is primarily a price brand, slugging it out on the shelves with the likes of Bold, Arm & Hammer and Purex.

One industry watcher says, "If the product sells, and as long as they get good profit on it, they'll keep cranking it out. You look at the diminishing return and determine how much advertising is going to do for you."

Although the powder and liquid are targeted at women, the powder tends to skew more toward the 25-to-54 group, while the liquid attracts the 18-to-49-year-olds. A source on the brand attributed this to the powder being more traditional, while the liquid is considered to be a more modern product.

Fab

Colgate-Palmolive thought it had a good idea in the works when it rolled out Fab 1 Shot nationally in late '87, positioning the product as a one-step, washer-to-dryer detergent/fabric-softener pouch. But after initial success of the product based on heavy promo efforts that gave the brand an estimated 4% of the market, consumer interest sank, leaving the product with 2% currently. The Fab brand, which is also available in powdered detergent as well as a powder and liquid with fabric softener, has 4.5% of the market.

Fab's ad expenditures last year totaled \$17.3 million, with \$12.1 million on network and \$3 million on spot, according to LNA. Arbitron's Broadcast Advertisers Report shows that all tv spending was on the unit-dose product and ran on programing that included *Murder, She Wrote*, *Golden Girls*, *Hunter*, daytime soaps, as well as the *Sunday Night Movie*, *Tuesday Night Movie* and *Thursday Night Movie*. No print was used.

Janet Donahue, editor of *Soap/Cosmetics/Chemical Specialists*, says the 1 Shot product targeted single person households, people in smaller apartments and college students.

Wertheim Schroder's Austin says Colgate thought it was going to be less of a niche product and more mainstream. As a result, spending has been cut back. For this year's first quarter, media spending for the entire brand was \$3.2 million, according to LNA.

Donahue questions whether Colgate will continue to spend money and support 1 Shot to keep its 2%. "Are they going to stay there forever? One to two percent is not that bad if you can hold on to that, but they have to resume spending money."

Bold

Bold, positioned by P&G as a detergent and fabric softener with static-control, is primarily competing against Fab and also has the same market share, 4.5%. However, unlike the Fab brand, Bold was not advertised last year, except for \$330,000 in newspapers, according to LNA. Stibel says the brand spent \$16 million in '86 and about \$3 million in '87.

The reason, says Florek at Leo Burnett, is, "we've been trying to develop new copy, and it has not gotten to the stage of ads yet. Bold has not been active since its been at the agency, where concentration has been on creative rather than media."

Bold has been at Burnett for about a year. It had been with Grey Advertising.

Florek could not comment on what direction the brand will take or when the campaign will break. "There's nothing I can say about Bold right now, unfortunately," he says.

As to how the brand has been able to hold on to its market share without advertising, Wertheim's Austin thinks that people are buying the product because they're happy with it. "Bold is not taking any share, and the ad money would be just money down the drain. How can you justify spending millions of dollars worth of advertising on a product that's small?"

Stibel thinks P&G is being smart not to advertise the product. "Rather than spend money against a modest budget without superior advertising copy, they chose to use that money to concentrate their funds in marketing vehicles, mainly promotion, where it would do the brand the most good." Although he could not say how much promotional money is spent on Bold, he says a broad spectrum of promotions, in-

cluding couponing and allowances to the trade, are used.

Bold powder is holding its 3% share, while the liquid has 1.5%.

Era

Era, the only other liquid-only national brand, is a head-on competitor to Wisk and is positioned as a tough stain-removal product, specifically for protein stains and spot treating. Most recently the brand has been upgraded with a new fragrance. Era's share of market, which is 4.5%, has not yet matched Wisk.

According to Stibel, Era is "posi-



Era's campaign stresses "New Hope" for tough stains.

THE MYERS REPORT



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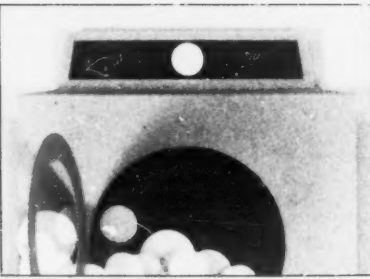
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tioning itself between a detergent and a bleach to get out the real tough stains your other detergents won't get out."

Most of P&G's support for Era was in spot tv last year, with about \$6.6 million invested, while network took in \$1.2 million, according to LNA. One source suspects spot placements let the brand more accurately target its users, women 25-to-54 in upper-income urban areas. Liquids cost considerably more to produce than do powdered detergents, so recommended prices are higher than powders. It costs more per use because it costs more to make.

The major portion of the tv campaign was daytime with soaps that included *Santa Barbara* and *Guiding Light*, as well as some syndicated vehicles such as \$25,000 *Pyramid* and *Wheel of Fortune*.

Print has not been used "for a while," says Burnett's Florek, who could not comment further under instructions from P&G, which prohibits its agencies and employees to talk to the press. ■

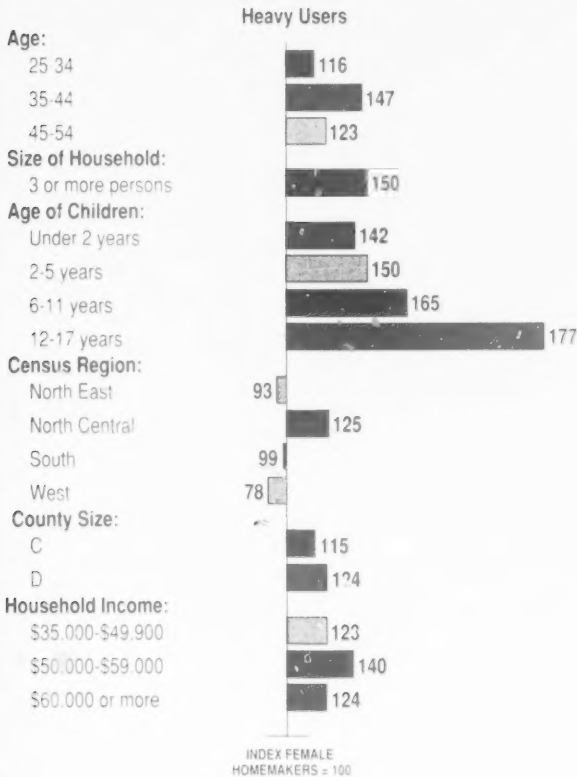


BRAND REPORT INDEX

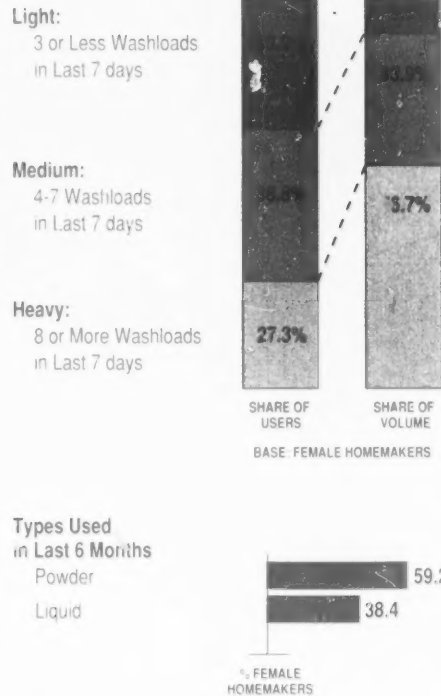
LAUNDRY DETERGENTS

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

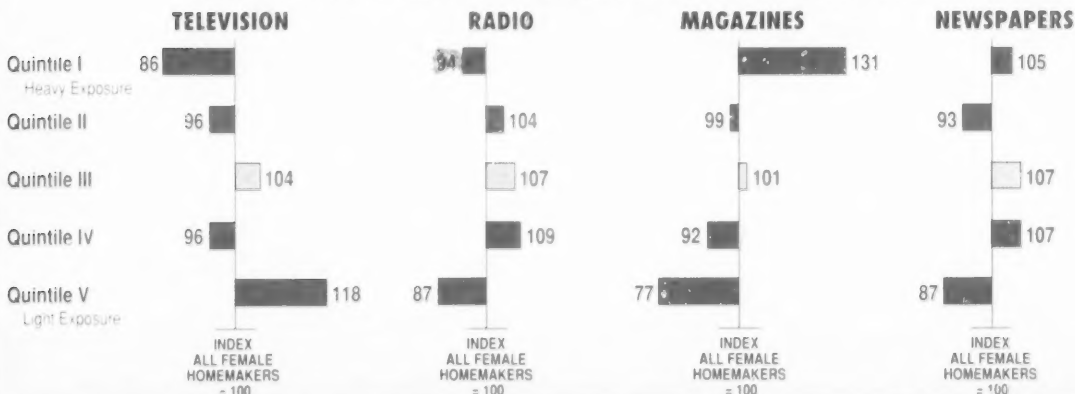
KEY DEMOGRAPHICS: HEAVY USERS of SOAP & DETERGENTS for REGULAR LAUNDRY



VOLUMETRICS: SOAP & DETERGENTS for REGULAR LAUNDRY



MEDIA EXPOSURE: HEAVY USERS of SOAP & DETERGENTS for REGULAR LAUNDRY



POINT/COUNTERPOINT/

ADVERTISING, PROMOTION AND 1990

ADVERTISING'S AGENDA

A sampling of 4As members shows most of them predicting their gross income going up this year. Fewer, however, were saying that in August than were saying it in January.

Robert Coen, senior vice president and director of forecasting with McCann-Erickson, New York, is predicting something in the range of 6%. Our members might do a little better than that.

But for next year the crystal ball is more clouded. My conservative guess is for more of the same: modest increase. There's still an enormous amount of debt out there as a result of leveraged buy-outs and takeovers, and debt service seems to take precedence over brand service. The situation is particularly intense in retailing, and certain conglomerations of advertising-reliant brands, such as RJR Nabisco.

On the other hand, sales promotion/advertising ratios show evidence of swinging back towards media advertising. Price-off incentives have lost much of their magic. The Maxwell House experience has not gone unnoticed. After rapping its media advertising budget for several years to support

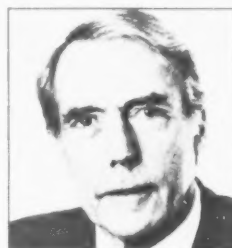
price-off promotions, believing they were in a commodity business that was sensitive only to price, General Foods found that Maxwell House's share had slipped egregiously. Procter & Gamble's Folgers, well supported by advertising, took over the number one position in the category.

This year Kraft General Foods increased the Maxwell House advertising budget by one-third. As of June 19, Arbitron/SAMI said that Maxwell House had regained most of its share loss. P&G then poured in more advertising dollars and recaptured first place. Get the picture?

Minute Maid converted most of its marketing communications dollars into trade promotions at a time when its major competitor, Tropicana, heaved up its media advertising budget. The result was the worst decline in market share in the history of the Minute Maid brand and a reversal of its allocation of marketing funds.

There are more straws in the wind. Veronis, Suhler & Associates, in its "Communications Industry Forecast,"

states that the compounded annual growth of media advertising from 1984 to 1988 was 8.6%. The growth of sales promotion, on the other hand, was 11.6%. The growth of sales promotion on an annual basis, however, went from 16.7% in 1984 to 7.6% in 1988. The bloom, if not off the rose, has paled somewhat.



Veronis, Suhler projects that this reversal will continue. Next year they predict the growth rate to be 8.1% for sales promotion, 8.3% for media advertising.

The big swing factor is how competitive American business really feels in 1990. The rewards are there. Under-spending by leaders in a category offers an opportunity for scrappy contenders to increase their share quickly. Since under-spending is characteristic of many categories today and since the long-term rewards go to the competitive not the moribund, my prediction is a substantially greater increase in ad spending next year.

John O'Toole is president and chief executive officer of the American Association of Advertising Agencies.

OUR READERS TELL US . . .

Research USA, Chicago, finds most media budgets up under 10% among our sample. Sales promotion fares a bit stronger.

1. How much have your media ad budgets changed overall for 1990?		b. What changes were made for each of the following media?				
			<i>Up</i>	<i>No Change</i>	<i>Down</i>	<i>Base</i>
Increase of:	(Base = 64)	Consumer Magazines	40%	48.9%	11.1%	45
1%-9%	40.5%	Business Trade Publications	37.3%	58.8%	3.9%	51
10%-19%	9.4%	Newspapers	21.1%	68.4%	10.5%	38
20% or more	9.4%	Television	38.5%	46.1%	15.4%	39
Decrease of:		Cable	35.5%	54.8%	9.7%	31
1%-9%	9.4%	Radio	41.2%	58.8%	—	34
10%-19%	1.6%	Outdoor	3.7%	85.2%	11.1%	27
20% or more	6.3%	Sales Promotion	56.8%	34.1%	9.1%	44
No change	23.4%	Direct Marketing	43.9%	53.7%	2.4%	41

PROMOTION'S PROFILE

There is an axiom in American business that almost sounds too trite, too simple, to be as powerful and all encompassing as it is. It is that quality and value form the basis of the American free enterprise system. In the American marketplace, consumers are among the smartest and most demanding in the world. Quality is a virtual prerequisite. Yet quality, to one degree or another, is essentially a fixed asset in brand equity.



scope of promotion marketing. These latest figures suggest that promotion marketing is a \$124 billion industry, more than twice the size of advertising. But perhaps more importantly, pro-

motion marketing has developed into an integral component of the marketing mix.

This emergence and growth has spawned what I call the "art and science of promotion marketing." In essence, these offer suitable metaphors

for existing disciplines within promotion marketing. The obvious caveat, however, is that each is interdependent on the other, in most applications.

The "art" side of the equation refers to the subjective process of motivating consumer purchase using something other than the basic product configuration. Although they are grounded in analytical thought, examples such as games, sweepstakes, tie-ins and events rely primarily on the creative process for their point-of-difference.

One of the key phrases for the '90s is likely to be "borrowed interest," which refers to using something out-

side the realm of the product to promote it. These "tie-ins" are typically related to the product in some peripheral way and are usually licensed for the promotion. The next decade will see a more sophisticated application of this concept. Licenses and other tie-ins will be selected with a greater degree of scrutiny against marketing goals.

The "science" side speaks to the more analytical components of promotion. They often must apply creativity at the consumer level, but success is usually based on a quantifiable element, such as a data base or a distribution. Examples include free-standing inserts, data-base marketing and coupon redemption.

The immediate future looks very strong in several areas. Electronic coupon scanning is near the top of the list. With losses approaching 8 billion coupons annually, manufacturers are aggressively pursuing a solution to this nagging problem. To imagine that the entire coupon processing system could be effectively terminated at the check-out counter is truly extraordinary.

Other advancements will include the expansion and increasing complexity of data-base marketing. While the "shotgun" approach will likely fade, segmented marketing matrixed in unique ways will be even more prevalent in the future. As an example, high value coupons will be offered to consumers of a competitor, replaced by increasing lower values as the consumer switches brands. Tied to in-store data, this will be the first fully integrated approach to this process.

Space alone limits a full discussion of all the enhanced components of this booming industry. Simply know that it is growing and smart application and administration of a promotion marketing program will be the high octane fuel for the fast track in the '90s.

Chris Sutherland is the executive director of the Promotion Marketing Association of America Inc.

2. How much have your promotion budgets changed overall for 1990? (Base = 64)

Increase of:	
1%-9%	31.2%
10%-19%	14.1%
20% or more	15.6%
Decrease of:	
1%-9%	6.3%
10%-19%	1.6%
20% or more	3.1%
No change	28.1%

3. Have there been cutbacks in your organization over the past few months? (Base = 64)

Yes	34.4%
No	65.6%
If "Yes," in which of the following areas were cutbacks made? (Check all that apply) (Base = 22)	
Budget cuts	81.8%
Mid-management cuts	18.2%
Top management cuts	54.5%
Staff cuts	59.1%

ECONOMIC EYE

TEEN TALK

A recent Newspaper Advertising Bureau study shows that teenagers really do read newspapers. In fact, 37% of those interviewed said they read the paper more frequently than they did a year ago. According to the report, 68% of teens read at least one issue out of five and 16% read the paper every day.

MAGAZINE AD SCORECARD

	Ad Pages Aug. 1989	% change from Aug. 1988	Dollars spent (000)	% change from Aug. 1988
1. Skin care, Creams, Lotions and Oils	157.95	38.7	6,889.6	72.9
2. Lip and Eye Beauty Products	110.38	-21.8	4,220.7	-27.6
3. Scents and Fragrances	112.12	-17.4	3,055.0	-5.6
4. Facial Makeup Products	69.53	-5.2	2,720.4	-13.0
5. Prepared Dinners and Entrees (including pizzas)	18.28	-69.1	1,265.3	-62.2
6. Liquor	231.97	-7.6	10,025.5	-13.6
7. Cigarettes	542.32	-3.1	30,978.4	1.9
8. Soaps and Detergents	56.16	-71.2	3,973.0	154.0
9. Passenger Cars, Domestic	179.89	-14.9	10,742.7	-12
10. Passenger Cars, Imported	325.01	-8.7	17,783.8	-9.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

1985 = 100

1988

1989

	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	Apr.	% change	May	% change	June	% change
Network TV																
Daytime	80	-14	73	-10	77	-17	68	-15	68	-15	72	-7	67	-12	63	-14
Nighttime	113	-2	109	-2	122	+8	120	-19	125	+11	112	+13	127	+16	112	-8
Spot TV																
Prime time	104	+3	129	+5	141	+10	127	-2	125	-4	131	+5	126	+0.3	131	+5
Daytime	102	-10	99	-6	116	-5	120	+11	97	-1	100	+5	101	-1	93	-0.2
Network radio	125	+10	119	+12	158	+8	142	+10	139	+15	128	+10	131	+13	126	+8
Spot radio	-	-	110	-3	-	-	-	-	118	+12	-	-	-	-	118	+17
Consumer magazines	118	+6	119	+6	122	+6	122	+6	122	+6	122	+6	122	+6	123	+7
Natl. Sunday magazines	130	+10	130	+10	129	+10	129	+10	129	+10	129	+10	130	+12	130	+12
Business publications	120	+6	120	+7	119	+2	119	+2	119	+2	119	+2	123	+6	123	+6
Newspapers	124	+7	124	+7	131	+5	131	+6	131	+6	132	+6	131	+6	-	-
Outdoor	137	+11	137	+11	137	+11	137	+11	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.